



Daily Report

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Daily Report China

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General

East Bloc Papers Comment on Sino-Soviet Ties

Yugoslav Paper on 'New Era'
OW0602152889 Beijing XINHUA in English
0824 GMT 6 Feb 89

[Text] Belgrade, February 6 (XINHUA)—The Yugoslav newspaper "BORBA" said today that Soviet Foreign Minister Eduard Shevardnadze's visit to China, during which a May date was set for a Sino-Soviet summit, indicates that Sino-Soviet relations are entering a new era.

The paper said in a commentary that Sino-Soviet cooperation would be given a great impetus by Soviet leader Mikhail Gorbachev's upcoming visit to China.

Normalized Sino-Soviet relations would benefit the world situation, the paper said.

The newspaper "POLITICA" commented that Shevardnadze's Beijing visit will be of great significance.

Gorbachev is scheduled to meet with top Chinese leaders from May 15-20 in what will be the first Sino-Soviet summit in 30 years.

Bulgarian Paper Notes Talks
OW0602123289 Beijing XINHUA in English
0639 GMT 6 Feb 89

[Text] Sofia, February 5 (XINHUA)—The talks between Soviet and Chinese foreign ministers on February 2-4 were a victory of realism based on the acknowledged five principles of peaceful coexistence, a Bulgarian newspaper said today.

In a commentary entitled "a decision of profound values," the newspaper "THE WORKERS' CAUSE" said the upcoming Sino-Soviet summit between Soviet leader Mikhail Gorbachev and senior Chinese leader Deng Xiaoping, scheduled for mid-May this year, would be a meeting between two great reformers.

In recent years, both the Soviet Union and China have made considerable diplomatic efforts to realise the Sino-Soviet summit, the paper said, adding that the summit meeting has become the top news in the world.

The summit between the two leaders will demonstrate a sense of high responsibility to the interests of their respective countries as well as the world peace and international security, the paper said.

The two nations have been engaged in reforms and perestroika in the past few years, which produced new political thinking. Such new thinking has helped them find solutions accepted by both to problems between them.

Citing the Kampuchean issue as an example, the paper said the two countries have agreed to narrow their differences on the problem amid an atmosphere of expanding cooperation in regional affairs.

The Soviet Union and China have made a realistic assessment of the world situation on which they share a similar view, the paper said.

They have paid particular attention to the cooperation and security in the Asian-Pacific region and welcomed all proposals aimed at consolidating mutual trust in the area, according to the Bulgarian paper.

Soviet Foreign Minister Eduard Shevardnadze's recent China visit reached the climax when he met with Deng Xiaoping, the architect of China's reform, the paper reported.

Last year, the senior Chinese leader claimed that he was ready to meet with Gorbachev despite of his age, the newspaper said. Deng is already 84 years old.

The forthcoming summit between the two leaders will undoubtedly become a meeting between two great reformers, the paper said.

Song Jian Sends Greetings to Antarctic Team
OW0502222289 Beijing XINHUA in English
1649 GMT 5 Feb 89

[Text] Beijing, January 5 (XINHUA)—China's Antarctic expedition team encountered an unexpected strong whirlwind tonight, but no one was injured, according to reports from Antarctica.

All the team members who had moved into the newly-built steel-structured office building were rehearsing for the Chinese Lunar New Year party performance when the strong gale roared, said Chen Dehong, head of the team.

Through radio communication, Chen reported tonight to Song Jian, state councillor and minister in charge of the State Science and Technology Commission, about the latest development of the construction of China's first scientific station within the Antarctic circle.

In the past two weeks, the team has brought 67 containers and three big tanks ashore and provided adequate drinking water and oil to the station, according to Chen.

The team members are working day and night for the construction of the research station, which is expected to be complete early next month. By then 18 of the 116 team members will stay there for the coming winter in Antarctica.

Song Jian, on behalf of the State Council, extended New Year greetings to the Chinese scientists who are about 12,500 kilometers away from Beijing.

"The Chinese leaders and the people are closely following every movement of yours. Our hearts are always beating together with yours whenever you come across danger. We are proud of your success," Song said in his New Year message to the team.

Two Australian pilots who are helping the transport of materials for the station also spent the Lunar New Year with the Chinese team on the frozen continent.

United States & Canada

'Special Commentary' Views U.S. Economic Problems
HK0602054089 Beijing RENMIN RIBAO
in Chinese 4 Feb 89 p 7

[*"Special commentary"* by Li Changjiu (2621 7022 0036): "Reagan's Economic Legacy and the Challenge Facing Bush"]

[Text] Abstract: "Reagan's economic revolution" has gradually extricated the U.S. economy from stagflation and achieved the goal of sustained growth with low inflation. However, it has also left behind the huge hidden dangers of dramatically increased fiscal and trade deficits. Bush is faced with the stern challenges of dealing with the budget deficit, improving the competitiveness of U.S. goods on world markets, maintaining the country's leading position in science and technology, and so on. [end abstract]

In his emotional farewell address to the American people before stepping down from office, then President Reagan declared that during his term the United States had experienced a "great rediscovery" and achieved "two great victories" that gave him the most pride: the "revival of the economy," and the revival of our morale; America is again respected in the world, and people look to America for leadership." Reagan said that he will accept the term "the Reagan revolution."

Reagan took up his heavy burden of leading the United States at an historic moment when the country's economic position was declining and great changes were occurring in the world. During the 1970's the economy of the West slipped into the predicament of "stagflation," and America's economic situation was even more depressing: The annual GNP increase fell from 3.8 percent in the 1960's to 2.8 percent; unemployment rose from 4.6 percent to 6.3 percent; and the inflation rate rose from 2.8 percent to 7.8 percent. In 1980 the United States recorded a 0.2 percent negative growth rate, unemployment rose to 7.1 percent, and inflation reached 13.6 percent. The simultaneous existence of economic stagnation and inflation shook the dominant status of Keynesian economic theory that had held sway for nearly half a century. After Reagan took over in the White House, on 18 February 1981 he proposed an ambitious "economic revival program," which people termed "Reagonomics" or "the Reagan economic revolution."

Reagan's "economic revival program," included four main economic goals: 1) To cut government spending and achieve a balanced budget by 1984; 2) to make big tax cuts to stimulate consumption and investment; 3) to reduce red tape restrictions on business, and encourage competition; 4) to strictly control the money supply and curb inflation.

How should "Reagonomics" be viewed? People's evaluations differ. The American BUSINESS WEEK magazine commented that the mixed legacy of "Reagonomics"—low taxes and low inflation, prosperity founded on borrowing, and economic imbalance—will have an impact when America enters the 21st century. That is to say, judging by certain indices, "Reagan's economic revolution" was a success, but judging by certain other indices, it has left behind huge hidden dangers.

"Reagan's economic revolution" accomplished the following major achievements:

1. The U.S. economy has gradually extricated itself from "stagflation" and achieved the goal of sustained economic growth with low inflation.

The U.S. economy started its revival at the end of 1982, and this revival has now continued for over 6 years, marking the longest peacetime period of sustained growth in the country's history. During this period America's real GNP has grown at an annual average of 4.2 percent; some 19 million new jobs have been created, and the unemployment rate has dropped to 5.3 percent, the lowest for 14 years; after falling to 4.3 percent in 1982, inflation has continually been controlled at a low level, below 5 percent; and business is working at 84.2 percent capacity, the highest level since the end of the 1970's. Certain industries are working at over 90 percent capacity but are still unable to meet demand.

2. Notable progress has been made in technological transformation and industrial restructuring.

Since 1980, investment in industrial research and development in America has risen by an average of 10.3 percent annually, while investment in the information technology industry has grown at an annual rate of 16.1 percent. In the wake of increased investment and technological development, traditional industries have competed in the application of high technology to carry out technological transformation in the enterprises, and many enterprises have been revived. A recent report said that the sales volume of the U.S. information technology industry increased from \$174.4 billion in 1980 to \$423.7

billion in 1988, and is expected to reach \$864 billion by 1998, representing more than 10 percent of the country's GNP. This industry has thus become one of America's largest.

However, as certain American papers and journals pointed out, "Reagan's economic revolution" has also left some huge hidden dangers for the American economy.

First, the budget has been unbalanced year after year and the fiscal deficit has increased dramatically. During Reagan's 8 years in office the accumulated deficit was \$1,338.2 billion, more than the entire deficit accumulated during the 204 years since the first president took office.

Second, foreign trade is seriously unbalanced and the trade deficit has increased dramatically. During Reagan's term of office, the United States recorded a trade deficit every year. The total deficit from 1981 to 1987 was \$861.5 billion. This reflects the reduced competitiveness of American goods.

The trade deficit has resulted in fundamental changes in America's balance of payments position. In 1981 America was still the world's greatest creditor nation, but by 1985 it had become the largest debtor, with a debt of \$111.9 billion. By the end of 1987 U.S. foreign debt had risen to \$368.2 billion. A report issued by the U.S. Economic Development Council said that this shift may mean a lowering of living standards for the next generation in America. This is a legacy never before bequeathed in all the years since the Civil War.

The new President Bush was sworn in as master of the White House on 20 January. Bush stated that he feels "extremely happy, while acknowledging that we face stern challenges."

The first challenge facing Bush is the budget deficit issue. The budget deficit for fiscal 1988 is \$155.1 billion, and it will certainly not be easy to reduce it further.

The second challenge facing Bush is that of whether it will be possible to improve the competitiveness of American goods on the world market. The rises and falls of the dollar during this decade are only one of the factors affecting the changes in America's foreign trade situation. Unless the overall competitiveness of American goods can be improved, the country's unfavorable trading position can hardly be changed.

Another stern challenge facing Bush is whether it will be possible to maintain America's lead in the field of science and technology. At present America still scores in some respects over other industrial developed countries in its level of science and technology, but there is strong competition from Japan and Western Europe. In particular, the high-technology gap between Japan and the United States is narrowing.

The United States is still the world's leading economic power, possessing great endurance and adaptability. What economic policy the Bush administration will pursue will have a major impact on whether America's economic position will rise again or slide during the 1990's and in the entry to the 21st century.

'No Major Changes' Expected in Trade With U.S.
HK0302154789 Beijing JINGJI RIBAO
in Chinese 23 Jan 89 p 3

[Report by reporter Xu Bo (1776 3134): "No Major Changes Are Expected in Sino-U.S. Trade Under the New Bush Administration—China's Textile Export Quotas to the United States Will Increase by Merely 3 Percent This Year"]

[Text] After serving two consecutive terms Ronald Reagan was replaced by George Bush on the 20th of this month. What the Chinese business and trade circles are concerned about is what kind of influence the Bush administration will exert on Sino-U.S. trade prospects. Experts hold that since Bush is an old friend of China's, since he was vice president for many years in the last administration, and since he belongs to the Republican Party as Reagan does, the basic policy will probably continue and there will be no major changes.

However, after taking office, Bush will directly face the problem of "two major deficits," namely the financial and trade deficits, which have accumulated since the Reagan administration. It cannot be allowed to develop without restriction. Therefore, the possibility of a change in future U.S. macroeconomic policy cannot be excluded. The United States has made Taiwan, South Korea, and other regions which have trade surpluses with the United States appreciate their currencies; since the beginning of this year, the United States has abolished the general preferential treatment accorded to Taiwan and South Korea. All indications show that the "two major deficits" will probably induce Bush to "wield his pen" to enhance the hue of trade protectionism.

The United States is our third major trading partner, and China's trade volume with the United States accounts for 9.5 percent of the total volume of our foreign trade. The major products we export to the United States chiefly consist of textiles, local and livestock products, foodstuffs, oil products, and so on. Of these, textiles account for 40 percent. According to the news we have just received, the negotiations for China's textile export quotas to the United States this year have been conducted with extraordinary difficulty. The textile quotas will increase by merely 3 percent this year over last year, considerably lower than the growth rate of previous years. This is an unfavorable aspect. In the view of Yu Weixiang, a U.S. hand at the International Trade Research Institute of the Ministry of Foreign Economic Relations and Trade, there is no great possibility for a change in the mix of our products exported to the United States in the near future, and our textile industry should

strive to fully and satisfactorily use the quotas and develop textiles of high value. Judging by the prospects of China's U.S. trade, we should improve the quality of our machinery and electrical products as quickly as possible. This is because the U.S. market is not a monolithic bloc. At present, the United States is importing large quantities of machinery and electrical products from Japan, Taiwan, and South Korea. The reduced preferential treatments accorded by the United States to these regions, as well as the rising costs of products in these regions, have improved our environment to compete with these regions in the United States. This is a favorable aspect. The U.S. market potential is so great that we should consider improving our product mix exported to the United States.

Satellite Launching Memorandum Signed With U.S.
*OW0502023489 Beijing XINHUA Domestic Service
in Chinese 1357 GMT 31 Jan 89*

["Local Broadcast News Service"]

[Text] Beijing, 31 Jan (XINHUA)—China and the United States recently signed an official memorandum on an intergovernmental agreement on commercial launching service and trade regarding using Chinese carrier rockets to launch U.S.-made satellites. The agreement memorandum was officially signed after several rounds of negotiations between the two sides and after representatives of the two sides initialed the memorandum on 17 December last year. The memorandum stipulates that the two sides will regularly exchange information concerning commercial launching service and will conduct necessary consultations on trade issues.

Wan Li Meets Canadian Provincial Premier
*OW0402060889 Beijing XINHUA in English
1033 GMT 2 Feb 89*

[Text] Beijing, February 2 (XINHUA)—Wan Li, chairman of the Standing Committee of the National People's Congress (NPC), said here today that he was very glad to see the constant development of economic and trade relations and cooperation between China and Canada.

Wan said this at a meeting with Grant Devine, premier of the Saskatchewan Province of Canada.

Jilin Province in northeast China and Saskatchewan Province of Canada forged friendship ties in 1984.

Wan expressed the hope that the two provinces will continue to develop their relations and it may become exemplary in the friendly and cooperative relations between the two countries.

There exist broad and deep cooperative relations between the two provinces, Devine said, adding that both sides hope to further such relations.

Devine and his party arrived here yesterday after visiting Jilin Province and are scheduled to leave for home tomorrow.

Soviet Union

Soviet Foreign Minister Visits Deng in Shanghai

Arrives in Shanghai
*OW0302151489 Tokyo KYODO in English
1448 GMT 3 Feb 89*

[Text] Shanghai, Feb. 3 KYODO—Soviet Foreign Minister Eduard Shevardnadze, currently on a visit to China, arrived in Shanghai from Beijing Friday night.

Shevardnadze will meet senior Chinese leader Deng Xiaoping here Saturday morning. Deng is temporarily staying in Shanghai.

Shevardnadze was accompanied by Chinese Foreign Minister Qian Qichen.

Beijing TV on Meeting
*OW0402141989 Beijing Television Service
in Mandarin 1100 GMT 4 Feb 89*

[Editorial Report] Beijing Television Service in Mandarin at 1100 GMT on 4 February, in its "National News Hookup" program, carries a 2-minute video report by reporters Ma Chihou and Chen Zheng on a meeting between Chinese leader Deng Xiaoping and Soviet Foreign Minister Shevardnadze held that morning in Shanghai.

The video report opens with a shot of Deng Xiaoping, walking unaided and smiling, shaking hands with Shevardnadze as they pose for pictures. Deng then shakes hands with an unidentified Soviet official, then Soviet Deputy Foreign Minister Rogachev. Deng and the guests are seen entering the meeting hall.

The next sequence of shots shows Deng and Shevardnadze sitting in adjacent armchairs with interpreters directly behind them. Deng, with a cigarette in his left hand, is seen talking with Shevardnadze through the interpreter. Alternate closeups are shown, followed by occasional pan shots of the other participants in the meeting, including Foreign Minister Qian Qichen.

Welcomed by Deng
*HK0402034889 Beijing XINHUA in English
0332 GMT 4 Feb 89*

[Text] Shanghai, February 4 (XINHUA)—Senior Chinese leader Deng Xiaoping met Soviet Foreign Minister E. A. Shevardnadze and his entourage here this morning.

Shaking hands with the Soviet foreign minister, the smiling Chinese leader extended his welcome to him.

The Soviet foreign minister thanked Deng Xiaoping very much for taking time out to meet him and his entourage.

"This is the first time we met and we'll have more chances to meet later," Deng Xiaoping said, adding "hope you'll come often to see more of China."

The two sides were familiar with each other for quite a long time in the development of their countries, but became estranged later, Deng said.

Shevardnadze told Deng that he has seen things, both modern and ancient, in China on his current visit.

Deng said that it is not easy to know China well for it is large.

Describes Deng as 'Fit'

HK0502021689 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English
5 Feb 89 p 4

[From Marlowe Hood in Beijing]

[Text] Soviet Foreign Minister, Mr Eduard Shevardnadze, seemed favourably impressed by Mr Deng Xiaoping after what he described as a rather long meeting with China's 84-year-old paramount leader in Shanghai yesterday.

"He looks fit—and that was nice to see," said Mr Shevardnadze of Mr Deng at a press conference in Beijing last night shortly before his departure for Pakistan.

Rumours about the octogenarian Chinese leader's health have been increasing over the past few weeks.

Mr Shevardnadze described their meeting as good and businesslike, and said he admired his host's ability with words.

A summit, Mr Deng told his guest, would "close the page on the past and open up a chapter on the future". The Soviet Foreign Minister praised this bibliographic metaphor as a "vivid thought".

"Comrade Deng Xiaoping is a very wise man with rich experiences, who speaks interestingly and metaphorically," noted Mr Shevardnadze with no trace of irony.

Mr Shevardnadze, who said earlier he was carrying a letter from Soviet leader Mikhail Gorbachev to Mr Deng, was given a warm welcome by the Chinese leader.

A small group of foreign reporters allowed in said Mr Deng looked fit and animated.

No details of the Shanghai meeting were immediately available but with reporters briefly present, Mr Deng reminisced about the 1950s when Sino-Soviet friendship was closest, but then began to sour.

Mr Deng told the Soviet Deputy Foreign Minister, Mr Igor Rogachev, who accompanied Mr Shevardnadze, that he remembered him from Sino-Soviet negotiations three decades ago.

"That was when we were all arguing," Mr Deng joked.

"There will be more chances for us to meet in the future," Mr Deng told Mr Shevardnadze.

The official NEW CHINA NEWS AGENCY quoted Mr Deng as saying that China and the Soviet Union were familiar for a long time, but became estranged later.

He stressed that it was imperative to remove the three obstacles to the normalisation of Sino-Soviet relations.

"Three years ago I said the Kampuchean issue should be solved first of all and Vietnam must genuinely pull all its troops out of Kampuchea. The Soviet Union can contribute much in this regard," he added.

Mr Deng said he hoped that China could contribute to world peace and that it was committed to creating a peaceful international environment over a comparatively long period, to achieve development and rid itself of backwardness.

Mr Shevardnadze said the world today was different from the world 10 years ago. Old rules were not suited to the present situation, he added.

Deng 'Looked in Good Health'

HK0402045689 Hong Kong AFP in English
0435 GMT 4 Feb 89

[Text] Shanghai, Feb 4 (AFP)—China's senior leader Deng Xiaoping met Saturday with Soviet Foreign Minister Eduard Shevardnadze to firm the dates for his summit later this year with Soviet leader Mikhail Gorbachev.

"This is the first time we meet, and we'll have more chances to meet later," Mr. Deng, 84, told Mr. Shevardnadze, who arrived in China Wednesday to finalize details for the summit.

"I hope you'll come often to see more of China," Mr. Deng was quoted as saying by the official NEW CHINA NEWS AGENCY.

Mr. Deng shook hands with Mr. Shevardnadze, the first Soviet foreign minister to come to China since 1959, and with the Kremlin's chief negotiator with the Chinese, Vice Foreign Minister Igor Rogachev.

He also recalled Mr. Rogachev's stint in Beijing as an interpreter at the Soviet Embassy in Beijing in the late 1950's, when the seeds of the Sino-Soviet split were being sown.

"This was the time when we were quarrelling," Mr. Deng said.

But the Chinese leader did not embrace Mr. Shevardnadze, as he usually does with visiting personalities from communist nations. Nor did reporters present hear the word "comrade" being used.

The meeting took place at a state guest house on the outskirts of Shanghai, and Mr. Deng, who has been in China's biggest city for several weeks with his family, looked in good health.

Soviet Embassy spokesman Viacheslav Duhin had told reporters Friday in Beijing that Mr. Deng had gone to Shanghai for medical tests. But he later said that his information was based on "rumors" picked up from foreign reporters.

China on Friday formally invited Mr. Gorbachev to come to Beijing for the first Sino-Soviet summit in 30 years. Informed Soviet sources have said it would likely take place in April or May.

Mr. Shevardnadze was to deliver a personal letter from Mr. Gorbachev during his meeting with Mr. Deng. He was scheduled to return to Beijing later Saturday for a press conference, then fly to Islamabad.

Meeting Detailed

HK0402102189 Beijing ZHONGGUO XINWEN
SHE in Chinese 0930 GMT 4 Feb 89

[Report by Wang Xiaohui (3769 0879 2547): "Deng Xiaoping Says the Normalization of Sino-Soviet Relations Will Officially Begin With His Meeting With Gorbachev"—ZHONGGUO XINWEN SHE headline]

[Text] Shanghai, 4 February (ZHONGGUO XINWEN SHE)—Today, at his meeting with Soviet Foreign Minister Shevardnadze in Shanghai, Chairman of the CPC Central Military Commission Deng Xiaoping said: "Qian Qichen's recent visit to the Soviet Union and your current visit to Beijing have started the process of the normalization of Sino-Soviet relations. But the formal beginning of the normalization Sino-Soviet relations will be the Sino-Soviet high-level meeting, that is my meeting with Gorbachev."

The meeting this morning lasted an hour and a half, a half hour longer than planned. Shevardnadze handed Deng Xiaoping a letter from Gorbachev and conveyed to Deng Xiaoping Gorbachev's regards. Deng Xiaoping asked Shevardnadze to give Gorbachev his thanks and best wishes.

Deng Xiaoping said: "It is necessary to remove the three major obstacles to the normalization of Sino-Soviet relations. I pointed out 3 years ago that the Cambodian issue must be solved first and Vietnam should genuinely withdraw its troops from Cambodia. On this question, the Soviet Union can do much."

Deng Xiaoping said that he hoped China could contribute to world peace and that it is committed to creating a peaceful international environment over a comparatively long period of time so as to achieve development and rid itself of backwardness.

Shevardnadze said: The world today is different from the world 10 years ago. Old rules are no longer suited to the present situation. The establishment of a new international political order has been reasonably proposed by Chairman Deng Xiaoping, and the foundation of such a new order is in the making. Now, there are plenty of reasons to realize the normalization of Sino-Soviet relations. The meeting between Chairman Deng Xiaoping and General Secretary Gorbachev will be an important event and Sino-Soviet relations will be based on the five principles of peaceful coexistence.

To cover the meeting between Deng Xiaoping and the Soviet foreign minister, many reporters have made a special trip from Beijing to Shanghai. They noticed that this Chinese leader who is more than 80 years old looks well [qi se bu cuo 3049 5331 0008 6934]. While shaking hands with the Soviet visitors, he recognized the people he befriended in the 1950's and 1960's, and he still remembered the names of those Soviets working with him at that time.

After the meeting, Deng Xiaoping signed four copies of the Russian edition of his selected works at the request of the Soviet foreign minister.

Cambodia, Bilateral Ties Viewed

HK0402104789 Beijing XINHUA Hong Kong
Service in Chinese 1022 GMT 4 Feb 89

[Text] Shanghai, February 4 (XINHUA)—Senior Chinese leader Deng Xiaoping and Soviet Foreign Minister Eduard Shevardnadze had a 90-minute discussion here today, covering normalization of bilateral relations, Kampuchea and other issues.

Deng told Shevardnadze: "Chinese Foreign Minister Qian Qichen's recent visit to Moscow and your current visit to China have started the process of normalization of Sino-Soviet relations. But, the formal beginning of the normalization will be the Sino-Soviet summit, that is my meeting with Mikhail Gorbachev."

He stressed that it is imperative to remove the three obstacles to the normalization of Sino-Soviet relations.

"Three years ago I said the Kampuchean issue should be solved first of all and Vietnam must genuinely pull all its troops out of Kampuchea. The Soviet Union can contribute much in this regard," he added.

Deng said that he hoped that China could contribute to world peace and that it is committed to creating a peaceful international environment over a comparatively long period of time so as to achieve development and rid itself of backwardness.

Shevardnadze said the world today is different from the world 10 years ago. Old rules are not suited to the present situation, he added.

He said the establishment of a new international political order has been quite reasonably proposed by Deng Xiaoping, and the foundation of such a new order is in the making.

The Soviet foreign minister said that now there are plenty of reasons to realize the normalization of relations between the Soviet Union and China.

The meeting between Deng and Gorbachev will be an important event, he said, adding that Soviet-Chinese relations are based on peaceful coexistence.

Shevardnadze handed Deng a letter from Gorbachev and conveyed Gorbachev's best wishes to Deng.

Deng, in turn, asked Shevardnadze to convey his thanks and best wishes to Gorbachev.

At the beginning of the meeting, Shevardnadze thanked Deng for taking time out to meet him.

Deng said: "It's natural for us to meet. This is our first meeting and we'll have more chances to meet later."

On seeing Deng Xiaoping, Vice Soviet Foreign Minister Rogachev gave his regards. Deng Xiaoping said: "We know each other. When the two countries were involved in a row [chao jia 0703 2665] in the 1950's and 1960's, you were the interpreter—and your Chinese counterpart was Comrade Yan Mingfu [7051 2494 1788]."

Deng Xiaoping also signed four copies of "Selected Works of Deng Xiaoping" (Russian edition) as requested by the Soviet visitors.

The Soviet foreign minister arrived here yesterday in the company of his Chinese counterpart Qian Qichen. This morning, Mayor of Shanghai Zhu Rongji had breakfast with the Soviet foreign minister.

Meets With Mayor

OW0502125589 Shanghai City Service in Mandarin
2300 GMT 4 Feb 89

[By reporter Yao Shukun, from the "Morning News" program]

[Text] Shanghai Mayor Zhu Rongji met with Soviet Foreign Minister Shevardnadze and had breakfast with him on the morning of 4 February at the Hongqiao Guesthouse.

Zhu Rongji extended a warm welcome to Shevardnadze and his party on their visit to Shanghai. He said that he had twice visited the Soviet Union. Shanghai and Leningrad, he said, have established relations as sister cities, and their relations are expected to develop continually in the future.

Shevardnadze expressed thanks for the warm hospitality he had received in Shanghai.

Shevardnadze and his party left Shanghai for Beijing by special plane at noon on 4 February. They were seen off at the airport by Vice Mayor Liu Zhenyuan, Municipal Foreign Affairs Office Director Zhao Yunjun and Deputy Director (Sun Zhu), and Soviet Consul General (Sutoloko).

Shevardnadze Holds News Conference, Departs

OW0502010489 Beijing Domestic Service in Mandarin
2230 GMT 4 Feb 89

[By reporter Wei Chiya, from the "News and Press Review" program]

[Text] Soviet Foreign Minister Shevardnadze left Beijing by special plane on the evening of 4 February after ending his visit to China. Prior to his departure, Foreign Minister Shevardnadze and Chinese Vice Foreign Minister Tian Zengpei held separate news conferences on the results of the visit.

Shevardnadze said: The purpose of the Sino-Soviet summit is to completely normalize the relations between the two countries. It is also for the sake of the ongoing reform and modernization in the two countries and for the sake of peace and development.

Shevardnadze advocated the establishment of a new relationship between the Soviet Union and China, saying the new relationship will not harm the interests of any third country.

On the question of withdrawing Soviet troops from Mongolia and stationing Soviet troops along the Sino-Soviet border, Shevardnadze said: In accordance with the agreement reached with the Mongolian Government, we are going to withdraw three quarters of the Soviet

"Three years ago I said the Kampuchean issue should be solved first of all and Vietnam must genuinely pull all its troops out of Kampuchea. The Soviet Union can contribute much in this regard," he added.

Deng said that he hoped that China could contribute to world peace and that it is committed to creating a peaceful international environment over a comparatively long period of time so as to achieve development and rid itself of backwardness.

Shevardnadze said the world today is different from the world 10 years ago. Old rules are not suited to the present situation, he added.

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The meeting between Deng and Gorbachev will be an important event, he said, adding that Soviet-Chinese relations are based on peaceful coexistence.

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Shevardnadze Holds News Conference, Departs

OW0502010489 Beijing Domestic Service in Mandarin
2230 GMT 4 Feb 89

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Shevardnadze advocated the establishment of a new relationship between the Soviet Union and China, saying the new relationship will not harm the interests of any third country.

On the question of withdrawing Soviet troops from Mongolia and stationing Soviet troops along the Sino-Soviet border, Shevardnadze said: In accordance with the agreement reached with the Mongolian Government, we are going to withdraw three quarters of the Soviet

The Soviet Union and China, he added, will continue their talks on the Kampuchean issue. Both sides will try to promote talks among the various parties in Kampuchea in the hope that they will reach an agreement. The Soviet Union and China will also endeavour to promote a solution to the internal aspects of the Kampuchean issue.

Views Soviet Afghan Pullout

HK0502024689 Beijing XINHUA Hong Kong
Service in Chinese 1313 GMT 4 Feb 89

[Text] Beijing, February 4 (XINHUA)—Visiting Soviet Foreign Minister E.A. Shevardnadze announced here today that "on February 15 the last Soviet soldier will leave Afghanistan."

He made the announcement at a news conference he gave here this afternoon.

It has been learned that Shevardnadze will visit Pakistan right after his visit to China.

When asked about his objectives in his coming talks with Pakistani leaders, Shevardnadze said that the objective of this visit is to identify with the Pakistani leaders the necessary ways to end the hostility and develop dialogue between the Afghans. He believed that this is the common task of the Soviet Union and Pakistan. This work has already begun.

"We will try to identify with the leaders of Pakistan the necessary ways to further develop that very important process of Afghan dialogue," he said.

On Resuming Party Ties

HK0502025089 Beijing XINHUA Hong Kong
Service in Chinese 1346 GMT 4 Feb 89

[Text] Beijing, February 4 (XINHUA)—Visiting Soviet Foreign Minister Eduard Shevardnadze said here today that the Soviet-Chinese summit, which will be held in mid-May, means the resumption of contacts between the two communist parties.

At a news conference he gave here this afternoon, Shevardnadze said that during Gorbachev's China visit in May he will meet Chairman Deng Xiaoping, Premier Li Peng, and General Secretary Zhao Ziyang.

The Soviet-Chinese summit will end the abnormal relations between the two countries and will normalize the relations between the two countries, the Soviet foreign minister said.

He also announced that the Soviet side has invited Chinese Foreign Minister Qian Qichen to visit the Soviet Union again. But he added that such a visit may not materialize before the summit.

Further on News Conference

HK0402094689 Hong Kong AFP in English
0934 GMT 4 Feb 89

[Text] Beijing, Feb 4 (AFP)—Soviet President Mikhail Gorbachev will come to China in mid-May for the first Sino-Soviet summit meeting in 30 years, Soviet Foreign Minister Eduard Shevardnadze said Saturday, without giving exact dates.

Mr. Shevardnadze made the announcement at a Beijing press conference just hours after seeing Mr. Deng in Shanghai.

"The visit of Mikhail Gorbachev to the People's Republic of China will take place in mid-May of this year," he said.

"The main objective of this summit meeting will be to establish a complete normalization of relations between the Soviet Union and the People's Republic of China," he said.

Mr. Shevardnadze came to China on Wednesday to prepare for the summit with Chinese counterpart Qian Qichen and other leaders. He was to leave later Saturday for Islamabad.

A Sino-Soviet summit would formally end the bitter split that emerged in the early 1960's between the two communist powers over ideological and strategic differences.

Mr. Shevardnadze quoted Mr. Deng as saying it would "close the page on the past and open a chapter on the future."

"This very vivid thought also expresses what the Soviet leadership wants to do," the Soviet foreign minister said.

He said he had spoken "a great deal" with Mr. Deng about resolving the Cambodian question, with both sides taking note of each other's views. But he gave no details as he read a statement at the start of his press conference.

Mr. Deng, who has been in Shanghai with his family, welcomed Mr. Shevardnadze with a lengthy handshake, but not the bear hug he traditionally has given to visiting communist personalities.

"This is the first time we meet, and we'll have more chances to meet later," said Mr. Deng, 84, at the start of their meeting.

"I hope you'll come often to see more of China," he was quoted as saying by the official NEW CHINA NEWS AGENCY.

The meeting took place at a state guest house on the outskirts of Shanghai, and Mr. Deng, who has been in China's biggest city for several weeks, looked in good health.

Soviet Embassy spokesman Viacheslav Duhin had told reporters Friday in Beijing that Mr. Deng had gone to Shanghai for medical tests. But he later said that his information was based on "rumors" picked up from foreign reporters.

Vice Foreign Minister Gives News Conference

Visit 'Fruitful'

OW0602101089 Beijing in Russian to the USSR
1900 GMT 5 Feb 89

[Text] The question as to exactly when Mikhail Gorbachev, general secretary of the CPSU Central Committee, will visit China, requires further consultations. This was stated by PRC vice foreign minister Tian Zengpei at a news conference held at Beijing Airport late on 4 February following the departure from China of Eduard Shevardnadze, USSR minister of foreign affairs.

On the afternoon of the same day Eduard Shevardnadze, speaking at a news conference, said that the Soviet-Chinese summit meeting would take place in mid-May this year. In this connection, Tian Zengpei said that this date was put forward by the Soviet side, adding that the Chinese side was studying this proposal, and that after further consultations with the Soviet side a specific date, suitable to both sides, would be determined.

Tian Zengpei said that Shevardnadze's visit had been fruitful and that it was one of the steps taken along the path toward a Sino-Soviet summit meeting. Preparatory work for this meeting is continuing and will continue right up until Mikhail Gorbachev begins his visit to China.

Tian Zengpei said that significant progress was achieved in overcoming the three big obstacles which hindered the normalization of Sino-Soviet relations. He stressed that the talks and meetings had been held in a candid and businesslike atmosphere during which both sides stated that the normalization of Sino-Soviet relations signified that these relations would be built on the five principles of peaceful coexistence and would not affect either side's relations with other countries.

Tian Zengpei told the journalists that during the Soviet foreign minister's visit to China both sides devoted considerable time to discussing the Cambodian question and expanding areas of mutual understanding. Both sides consider that there should be a fair and speedy political solution to the Cambodian question and that efforts must be made by both sides to achieve this.

Tian Zengpei said that both sides shared identical or similar views on the question of the Vietnamese troop withdrawal from Cambodia by September this year and the promotion of dialogue between the four parties in Cambodia. The Soviet Union also agreed that after the Vietnamese withdrawal from Cambodia, the number of military forces of the various factions in Cambodia

should be frozen and even reduced, and that no foreign troops or military bases should be allowed in Cambodia. Moreover, there should be international supervision over the withdrawal of Vietnamese troops, the maintenance of peace in Cambodia, and the holding of general elections. The United Nations must play its role in solving the Cambodian question.

Tian Zengpei also noted the differences between the two countries. For example, China supports the formation in Cambodia of a four-party coalition government headed by Norodom Sihanouk, while the Soviet Union only agrees to the formation of a four-party coalition under the leadership [rukovodstvo] of Norodom Sihanouk. China hopes that the Soviet Union will continue to exert practical efforts toward facilitating the political solution to the Cambodian question.

Answering a correspondent's question as to whether the question of Shevardnadze meeting with Prince Sihanouk was raised during the talks between the ministers of foreign affairs of the two countries, Tian Zengpei said that this question was raised but that, in his opinion, the time was not ripe for such a meeting.

Speaking on the question of using UN troops to maintain peace in Cambodia, Tian Zengpei said that China supports such a move, while the Soviet Union spoke neither for nor against it.

Soviet Foreign Affairs Minister Eduard Shevardnadze, speaking at a news conference on 4 February in Beijing, said that his talks with Chinese leaders had been meaningful and fruitful. He said that during Mikhail Gorbachev's visit to China in mid-May this year, a meeting will be held with Chairman Deng Xiaoping, Premier Li Peng, and with Zhao Ziyang, general secretary of the CPC Central Committee. The meeting between the general secretaries of the CPC and CPSU Central Committees will mean the resumption of contacts between the two parties. Eduard Shevardnadze stated that the summit meeting aims to put an end to the abnormal relations that exist between the two countries and achieve the normalization of relations.

Outlining the Soviet position on measures to lower military tension in the Soviet-Chinese border regions, Shevardnadze said that the Soviet Union will reduce the number of its troops in the eastern and southern parts of the country by 200,000 and 60,000 men respectively and withdraw three quarters of the troops deployed in Mongolia. Soviet military units and formations [soyedineniya i chasty] deployed close to the Soviet-Chinese border will be given a defensive structure.

Eduard Shevardnadze said that the main content of his talks with the Chinese side was how to normalize the Cambodian question. He said that both sides agreed to Cambodia's political normalization and spoke out in

favor of ending the supply of weapons to all the (conflicting) sides following a political settlement. Eduard Shevardnadze also stated that the Soviet-Chinese dialogue on the Cambodian question will continue.

Answering a journalist's question on the Soviet Union's position on the Afghan question, Eduard Shevardnadze said: I am convinced that the last Soviet soldier will leave Afghanistan by 15 February.

Urges Further Cambodian Efforts

HK0502043089 Beijing XINHUA Hong Kong
Service in Chinese 1818 GMT 4 Feb 89

["China Urges the Soviet Union to Make Further Effective Efforts on the Cambodian Issue"—XINHUA headline]

[Text] Beijing, 4 Feb (XINHUA)—China hopes that the Soviet Union can "make further effective [qie shi 0434 1395] efforts to facilitate a fair and reasonable solution of the Cambodian issue."

This was the appeal [hu yu 0729 0675] issued by PRC Deputy Foreign Minister Tian Zengpei today at an airport news conference after seeing off Soviet Foreign Minister Shevardnadze.

Foreign Minister Qian Qichen also went to the airport to see him off.

Tian Zengpei said that during Shevardnadze's visit to China, the Chinese and Soviet sides spent considerable time discussing the Cambodian issue, thus expanding the scope of mutual understanding.

He said that China and the Soviet Union agree that there should be a fair and reasonable settlement of the Cambodian issue at an early date, and have expressed willingness to work toward that end. The two sides also have similar or identical [xiang tong he xiang si 4161 0681 0735 4161 0138] views on a total withdrawal of Vietnamese troops from Cambodia by September this year and also on the promotion of dialogues between the four sides of Cambodia and its national reconciliation. The Soviet Union also agreed that after the Vietnamese troops are withdrawn from Cambodia, the size of the military forces of the various factions in Cambodia should be frozen and even reduced if possible and that there should be no foreign troops and bases in Cambodia. There should be international supervision over Vietnam's troop withdrawal, the maintenance of peace in Cambodia, and Cambodia's general election. The United Nations ought to play its role in solving the Cambodian issue. "On these issues, we have similar or identical [xiang tong he xiang si 4161 0681 0735 4161 0138] views."

Tian Zengpei pointed out that there are still differences between China and the Soviet Union on the Cambodian issue. For instance, the Chinese side supports the establishment of a four-party provisional coalition government headed by Prince Sihanouk, but the Soviet side agrees only to the formation of a four-party coalition with Prince Sihanouk in charge.

He said that a fair and reasonable solution of the Cambodian issue "is in the interests of Cambodia, Vietnam, and other neighboring countries, and conducive to the development of a healthy situation in Southeast Asia, and it is in the interests of the Soviet Union as well."

Tian Zengpei said in answer to journalists' questions that a specific date for the Sino-Soviet summit has yet to be fixed through further discussions. Mid-May was the time proposed by the Soviet Union. The Chinese side will study the time frame proposed by the Soviet side and will consult the Soviet Union about it, to find a date and time frame suitable to both sides.

Tian Zengpei held that Shevardnadze's visit to China has been fruitful [you cheng guo de 2589 2052 2654 4104] and is a preparatory step for the Sino-Soviet summit. He pointed out that the two sides have already made "substantial progress" [shi zhi xing jin zhan 1395 6347 1840 6651 1455] in removing the three big obstacles to normalizing Sino-Soviet relations.

Remarks Detailed

HK0502054889 Hong Kong WEN WEI PO in Chinese
5 Feb 89 p 2

[Report: "Tian Zengpei's Remarks at News Conference"]

[Text] The following are the questions and answers at Deputy Foreign Minister Tian Zengpei's news conference:

Correspondent for the Canadian GLOBE AND MAIL: The Soviet foreign minister said that China, too, is considering reducing its forces on the border with the Soviet Union. Can you say how much the reduction would be?

Answer: Reducing military confrontation on the Sino-Soviet border was discussed in principle during his visit. The two sides agreed in principle that confrontation should be reduced. As for the specific measures, these will have to be considered by the departments concerned at the appropriate time.

Correspondent: The Soviet foreign minister said that Gorbachev's visit to China in mid-May will indicate the complete normalization of Sino-Soviet relations. Is this also the Chinese view?

Answer: Mid-May was the time proposed by the Soviet side. The specific date for the visit has yet to be fixed through further discussions. I think that if a Sino-Soviet high-level meeting comes off, this will indicate the normalization of Sino-Soviet relations.

Vietnamese correspondent: The Chinese and Soviet sides have both said that they will work for a fair and reasonable solution of the Cambodian issue. How will China go about this?

Answer: The Chinese Government's ideas on resolving the Cambodian issue are known to all and have been stated many times. We will work to facilitate a fair and reasonable political settlement of this issue. An example of these efforts is the talks we have had with the Soviet foreign minister on this occasion. We are prepared to continue talking with the Soviet Union, and we also support all proposals and moves for a just and reasonable political settlement of the Cambodian issue.

Beijing Television correspondent: You said just now that mid-May was the Soviet proposal. In that case, what proposal does the Chinese side have on the timing of Gorbachev's visit?

Answer: The Chinese side is prepared to study the time and date frame proposed by the Soviet Union and will also consult the Soviet Union to find a date and time frame suitable to both sides.

West German correspondent: You say that the two sides have not reached agreement over the timing and that the Chinese side needs to continue making preparations. What will be the specific content of these preparations?

Answer: The period before the holding of a Sino-Soviet high-level meeting is the preparatory period and includes work in various aspects. The Soviet foreign minister's visit is one of these aspects. As I have said, further discussions will be needed regarding the specific date for the visit.

TIME correspondent: When you spoke of international supervision, you did not mention the question of a UN peacekeeping force. When China says that the UN ought to play its role, does this mean that there has been some change in China's position on a UN peacekeeping force?

Answer: I just said that both China and the Soviet Union hold that the UN ought to play its role in resolving the Cambodian issue. China has proposed the establishment of a UN supervisory commission in Cambodia, and the Soviet Union has agreed. China has proposed the dispatch of a UN peacekeeping force to Cambodia. The Soviet Union has neither agreed to this nor opposed it.

Yugoslav correspondent: The Soviet foreign minister said that he had not met Prince Sihanouk. Was this because he was not invited to? Did your side raise this matter? If he promised to meet him, when will this take place?

Answer: Unless my memory is wrong, this question was raised during the talks. The Soviet foreign minister said that the time is not yet right.

PRAVDA Cited on Summit, Shevardnadze's Visit
OW0502202889 Beijing XINHUA in English
1650 GMT 5 Feb 89

[Text] Moscow, February 5 (XINHUA)—The Soviet Communist Party daily PRAVDA said today that the upcoming summit between Soviet leader Mikhail Gorbachev and senior Chinese leader Deng Xiaoping is expected to add a new chapter to the annals of relations between the two nations.

Reviewing Soviet Foreign Minister Eduard Shevardnadze's visit to China, PRAVDA said that both Soviet and Chinese leaders hope the summit will lead to a full normalization of relations.

Shevardnadze's official visit, the first by a Soviet foreign minister to China since the two countries established diplomatic relations in 1949, was for the purpose of continuing preparations for the first Sino-Soviet summit in 30 years.

After arriving on Wednesday, the Soviet foreign minister held two rounds of talks with his Chinese counterpart Qian Qichen and a 90-minute discussion with Deng. He also met with Chinese Premier Li Peng.

Deng told Shevardnadze that "Chinese Foreign Minister Qian Qichen's recent visit to Moscow and your current visit to China have started the process of normalization of Sino-Soviet relations. But, the formal beginning of the normalization will be the Sino-Soviet summit, that is my meeting with Mikhail Gorbachev."

The senior Chinese leader emphasized the necessity of removing the three obstacles to the normalization of Sino-Soviet relations.

"Three years ago I said the Kampuchean issue should be solved first of all and Vietnam must genuinely pull all its troops out of Kampuchea," Deng continued. "The Soviet Union can contribute much in this regard."

Before his departure from Beijing on Saturday, Shevardnadze confirmed at a news conference that Gorbachev will visit China in mid-May to meet Deng, Chinese Communist Party's general secretary Zhao Ziyang, Li and other Chinese leaders.

However, Chinese Deputy Foreign Minister Tian Zengpei told reporters that Chinese leaders will study the exact dates proposed by the Soviets in order to fix a time suitable for both sides.

In its article on Shevardnadze's China trip, PRAVDA said the two major socialist countries and permanent members of the Security Council of the United Nations have assumed a special responsibility for the "reform of international relations and establishment of a new international political order." The daily described the normalization of Sino-Soviet relations as a part of a proposed new international system, noting that the tasks of renewal of socialism and reform impel a reform of ties between the two nations.

PRAVDA also called for lowering of levels of military confrontation on the Sino-Soviet borders, stressing the need to change the area into a zone of peace, friendship and good-neighborliness.

Shevardnadze's Failure To Meet Sihanouk Noted
HK0502034089 Hong Kong AFP in English
0332 GMT 5 Feb 89

[By Pierre-Antoine Donnet]

[Text] Beijing, Feb 5 (AFP)—Soviet Foreign Minister Eduard Shevardnadze's visit here cleared the way for a Sino-Soviet summit but made little real progress on solving persistent differences on Cambodia, Western diplomats said Sunday.

Few diplomats doubt that a summit between Soviet President Mikhail Gorbachev and Chinese leader Deng Xiaoping will be held in mid-May as Mr. Shevardnadze announced Saturday, though China was more vague over the timing.

"The visit of Mikhail Gorbachev to the People's Republic of China will take place in mid-May of this year," the Soviet foreign minister said, without giving a specific date.

"The main objective of this summit meeting will be to establish a complete normalization of relations between the Soviet Union and the People's Republic of China," he added after talks with Mr. Deng in Shanghai.

But just a few minutes after Mr. Shevardnadze left for Islamabad Saturday, China cast doubt on the date of the summit.

"The time frame of mid-May for a summit was one proposed by the Soviet Union," Deputy Foreign Minister Tian Zengpei said.

"The Chinese side wishes to study the time frame proposed by the Soviet Union and is ready to have consultations with the Soviet side about the specific time," he added.

Beijing was apparently trying to raise the stakes in negotiations under way with Moscow to obtain last-minute concessions on Cambodia and other key issues and to reassure the West on China's intentions, analysts said.

Despite this maneuver, a summit is almost certain to be held before the summer, and probably in mid-May as announced, barring a major incident between the two neighbors, the analysts added.

The Soviet foreign minister and his Chinese hosts appeared to have made little progress on Cambodia, an issue that has long been the main obstacle to normalization of ties.

Mr. Tian said differences particularly remained over the make-up of a new Cambodian government once Vietnam pulls out by September 30, as Hanoi has said it would if a political settlement is reached by then.

Mr. Shevardnadze however said the Soviet Union, a close ally of Vietnam, and Cambodian resistance backers China agreed "on almost all aspects as regard to external factors of international control and international settlement."

He said the two sides had agreed to continue working together to find a political solution acceptable to all parties to the Cambodian conflict.

"We must try to contribute to the development of dialogue between the Cambodian factions," he said, a statement that suggested a small concession in tone on the part of the Soviets, diplomats said.

But despite these remarks, Mr. Shevardnadze refused to meet Cambodian resistance leader Prince Norodom Sihanouk, whose residence is just a few dozen meters (yards) from the guest house where the foreign minister stayed.

A meeting with the prince "was not requested and was not discussed," Mr. Shevardnadze said.

Mr. Tian however said that it was discussed but that Mr. Shevardnadze had decided a meeting with Prince Sihanouk would be "premature."

China had strongly urged such a meeting, which would have marked a turning point in a Sino-Vietnamese dialogue on Cambodia which began only last month with the visit here of Vietnam's first vice foreign minister Dinh Nho Liem.

Several Western diplomats said China was ready to accept a normalization of relations with the Soviet Union even if it meant large setbacks for the Chinese-backed Khmer Rouge faction and Prince Sihanouk.

Mr. Shevardnadze's statements on disarmament will remain the most convincing to the Chinese, clearly indicating Moscow's wish for long-lasting peace along the Sino-Soviet border, analysts said.

The Soviet foreign minister reiterated that Moscow would cut its armed forces in Soviet Asia by 260,000 troops within two years and pull three quarters of its troops out of Mongolia.

Gorbachev Invitation to China Viewed

Invitation Extended

HK0402083089 Beijing RENMIN RIBAO
in Chinese 4 Feb 89 p 1

[Report by reporter Zhou Xiangguang (0719 6272 0342):
"Yang Shangkun Invites Gorbachev To Visit China"]

[Text] Beijing, 3 Feb—PRC Foreign Minister Qian Qichen and Soviet Foreign Minister Shevardnadze continued to hold talks in the Great Hall of the People this morning. They exchanged further views on holding a Sino-Soviet high-level meeting. As entrusted by President Yang Shangkun, Foreign Minister Qian passed to Shevardnadze a formal invitation to General Secretary Gorbachev to visit China. Foreign Minister Shevardnadze, as entrusted by General Secretary Gorbachev, accepted the invitation and expressed thanks for President Yang Shangkun's invitation.

Foreign Minister Qian pointed out during the talks that China and the Soviet Union should establish new state relations on the basis of the five principles of peaceful coexistence and develop bilateral economic relations on the basis of equality and mutual benefit. He emphatically pointed out that China pursues an independent and peaceful foreign policy and that the normalization of Sino-Soviet relations will not affect China's relations with other countries.

The two foreign ministers also discussed other issues in bilateral relations, including the development of economic and trade relations. The two sides also stated their positions on a number of international issues. Both foreign ministers held that importance should be attached to the major role played by the United Nations and its secretary general in easing international tensions.

Before the talks started, a journalist asked Foreign Minister Qian how yesterday's talks went. He said, the two sides have many points in common and there are also differences. The atmosphere at the talks was quite good [bu cuo 0008 6934].

To Visit in 'Mid-May'

OW0402092489 Beijing XINHUA in English
0858 GMT 4 Feb 89

[Text] Beijing, February 4 (XINHUA)—Soviet Leader M. Gorbachev will visit Beijing in mid-May.

This was announced by Soviet Foreign Minister E.A. Shevardnadze at a press conference he gave here this afternoon.

The Soviet foreign minister is leaving here for home after the press conference at the end of his official visit to China.

No Precise Date Set

HK0402091489 Hong Kong AFP in English
0858 GMT 4 Feb 89

[Text] Beijing, Feb 4 (AFP)—Soviet President Mikhail Gorbachev will come to China in mid-May for a summit meeting with senior Chinese leader Deng Xiaoping. Soviet Foreign Minister Eduard Shevardnadze said Saturday, without giving a precise date.

Mr. Shevardnadze made the announcement at a Beijing press conference after meeting Mr. Deng in Shanghai.

Time Frame 'Yet To Be Decided'

HK0502020089 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English
5 Feb 89 pp 1, 2

[By Marlowe Hood in Beijing]

[Text] The 30-year rift between the world's most powerful communist nations will finally close in mid-May when Soviet President Mikhail Gorbachev embraces Deng Xiaoping on Chinese soil.

Split by Mao Tsetung and Nikita Khrushchev in 1960, the Year of the Rat—Sino-Soviet relations will return to normal in the Year of the Snake.

Soviet Foreign Minister Eduard Shevardnadze announced the summit yesterday at the end of his first visit to China after earlier meeting with Mr Deng in Shanghai.

"Comrade Deng Xiaoping believes the main objective is to close the page on the past and open up a new chapter on the future," the Soviet Foreign Minister said.

He referred to his meeting with Deng as the "Shanghai Agreement", and the upcoming summit the result of what he called a logical event that had to happen.

Linking Soviet perestroika and China's modernisation, Mr Shevardnadze said a summit would raise the creative potential of socialism.

Meanwhile, Chinese Vice-Foreign Minister Tian Zengpei cast some doubt on the timing for the summit in a separate press conference at Beijing International Airport shortly after Mr Shevardnadze's departure.

He characterised the mid-May date as a "time-frame proposed by the Soviet side that has yet to be decided".

Mr Tian was considerably less effusive than Mr Shevardnadze in describing the positive significance of a meeting between Mr Deng and Mr Gorbachev. While the Soviet Foreign Minister went out of his way to stress that a summit would mean the "complete normalisation" of relations, Mr Tian pointedly differed.

A summit, he agreed, would represent the normalisation of relations. "But I refuse to add on any adjectives," he said. The implicit rebuff of the Soviet statement is surprising, note analysts, but probably does not indicate any serious disagreement.

Mr Shevardnadze also announced the formation of a joint group of Chinese and Soviet "military and diplomatic experts to begin drafting an agreement on the principles for the reduction of armed forces along the 8,000 km Sino-Soviet border. The group would probably meet before the summit, he said.

He confirmed Mr Gorbachev's commitment to reduce Soviet forces in the border region by more than 200,000 troops and to withdraw three quarters of all Soviet military personnel from Soviet Mongolia.

In addition Mr Shevardnadze called for "military detente" in the form of broader agreements on the mutual reduction of offensive forces and the limitation of the scale and number of military exercises.

He said the pledged withdrawal of Soviet troops would be completed within two years.

There were other tension-reducing measures, he said, which could restore an atmosphere of absolute trust in the area adjacent to the Sino-Soviet border.

Much of the talks between Mr Shevardnadze and Chinese leaders—including Premier Li Peng and Foreign Minister Qian Qichen—focused on the conflict in Kampuchea.

For nearly 10 years China and the Soviet Union have supported opposing sides in the complicated war for control of that devastated land.

Moscow backs the Vietnamese occupation of Kampuchea while China supplies diplomatic and military support to a loose coalition of Khmer rebels—including the notorious Khmer Rouge—based along the Thai border.

Recent diplomatic contact between Beijing and Hanoi, and between Hanoi and Bangkok, has enhanced the prospects of a settlement set in motion by China and the Soviet Union.

Mr Shevardnadze outlined four points of agreement between Beijing and Moscow on the question of Kampuchea:

—Both sides are in favour of a political settlement on the basis of a platform of national accord and national reconciliation;

—Both sides have welcomed the January 6 announcement by Vietnam that all their troops would be withdrawn from Kampuchea by September if a political settlement was reached;

—China and the Soviet Union, said Mr Shevardnadze, agreed on almost all aspects regarding the external factors of international control and international settlement;

—Both agree to stop delivering arms to the parties in the conflict after a political settlement is achieved.

Many substantial problems remain, but both Moscow and Beijing are clearly willing to proceed with a summit before these are fully resolved. There is some concern, in fact, that bilateral interests may overshadow the efforts to reach a permanent and lasting solution to a very complicated conflict.

"It is now our impression that the internal aspects of the settlement are becoming the most important," said Mr Shevardnadze.

Both China and the Soviet Union are at great pains to avoid the impression that the "communist superpowers" are determining Kampuchea's future.

This is probably why neither China nor the Soviet Union have expressed any desire to participate in the upcoming multi-lateral Kampuchea peace talks in Indonesia later this month.

"It is perfectly normal that two members of the UN permanent security council discuss a political settlement of the Kampuchea problem," Mr Shevardnadze said twice in his statement, in an apparent attempt to justify Soviet and Chinese involvement.

These allegedly "internal problems" however, are directly linked to the interests of not only China and the Soviet Union, but Vietnam and Thailand as well.

Mr Shevardnadze repeatedly stressed in his prepared statement that lopsided relations that existed between China and the Soviet Union in the 1950s was a thing of the past.

From 1950 to 1959, Beijing's official policy was to lean to one side, relying almost exclusively on the Soviet Union for development aid and guidance in foreign policy.

"Neither side is thinking in terms of the past experience."

Mr Shevardnadze warned against speculation alleging that Soviet-Chinese normalisation could be harmful to anyone. The United States has officially welcomed improved relations between China and the Soviet Union.

But President George Bush's hastily scheduled stop in Beijing later this month is widely interpreted as a means of strengthening ties with China before Mr Gorbachev arrives.

Reportedly To Visit 15-18 May
OW0502165189 Beijing XINHUA in English
1636 GMT 5 Feb 89

[Text] Beijing, February 5 (XINHUA)—At the invitation of President Yang Shangkun of the People's Republic of China, Mikhail Gorbachev, president of the Presidium of the Supreme Soviet of the Union of Soviet Socialist Republics and general secretary of the Central Committee of the Communist Party of the Soviet Union, will pay an official visit to China from May 15 to 18, according to the Ministry of Foreign Affairs.

'Text' of Sino-Soviet Statement on Cambodia
HK0602020689 Beijing XINHUA Hong Kong
Service in Chinese 1654 GMT 5 Feb 89

["Chinese and Soviet Foreign Ministers' Statement on Kampuchean Issue"—XINHUA headline]

[Text] Beijing, February 5 (XINHUA)—Following is the text of the Chinese and Soviet foreign ministers' statement on the Kampuchean issue:

Foreign Minister Qian Qichen of the People's Republic of China and Foreign Minister Eduard A. Shevardnadze of the Union of Soviet Socialist Republics held serious and frank [ren zhen tan shuai 6126 4176 0982 3764] discussions on a settlement of the Kampuchean question during their meeting in Beijing. They set forth their respective positions and reached agreement on the following points:

1. The two sides stand for a fair and reasonable political settlement of the Kampuchean question at the earliest possible date and express their readiness to make efforts to help attain this objective.
2. The two sides hold the view that Vietnamese troop withdrawal from Kampuchea is an important component of a political settlement of the Kampuchean question. They take note of the decision announced by Vietnam to withdraw all its troops from Kampuchea by the end of September 1989 at the latest, and hope that the implementation of the decision will facilitate the process of negotiations on settling other aspects of the Kampuchean question.

After the complete withdrawal of Vietnamese troops from Kampuchea, there should be no presence of foreign troops and military bases on the territory of Kampuchea.

3. The two sides hold that with the withdrawal of Vietnamese troops from Kampuchea, all countries concerned should gradually reduce and eventually totally stop their military aid to any of the parties in Kampuchea.

4. China and the Soviet Union take the view that the internal problems of Kampuchea should be settled through negotiations by the parties in Kampuchea on the basis of national reconciliation and free from any outside interference. The two sides welcome the dialogue among the four parties in Kampuchea and hope that this dialogue will develop in fruitful way.

The Chinese side stands for the establishment of a provisional coalition government in Kampuchea headed by Prince Sihanouk and with quadripartite representation.

The Soviet side will support an agreement among the four parties in Kampuchea on the establishment of a provisional organ under the charge of Sihanouk and with quadripartite representation. This organ should not be subordinate to any party in Kampuchea, and its task is to implement agreements reached by the parties in Kampuchea and to conduct free elections.

China and the Soviet Union will respect the results of future free elections in Kampuchea.

5. It is the view and concern of both sides that after the withdrawal of foreign troops from Kampuchea, no dangerous situation should emerge and no civil war should break out in the country. The two sides will welcome an agreement among the four parties in Kampuchea on effective measures to prevent such developments, including measures on cessation of all hostile military actions and a freeze on the armed forces to be followed by their possible reduction.

The two sides stand for non-return to the policies and practices of a recent past in Kampuchea.

The Chinese and Soviet sides consider it necessary and important for an effective international control mechanism to be established and exercise strict international supervision over Vietnamese troop withdrawal, cessation of foreign military aid, maintenance of peace in Kampuchea and conduct of free elections.

6. The two sides are of the view that the United Nations mechanism may play its appropriate role in the process of a political settlement of the Kampuchean question as conditions gradually present themselves. The two sides are in favor of convening an international conference on the Kampuchean question when conditions are ripe.

7. The two sides hold that following the withdrawal of foreign troops from Kampuchea, an international guarantee should be instituted for the status of Kampuchea as an independent, peaceful, neutral and non-aligned state. China and the Soviet Union express their willingness to join in this international guarantee.

8. The two sides agree to continue to discuss their remaining difference of views on settling certain aspects of the Kampuchean question.

9. The Chinese and Soviet sides hold that the settlement of the Kampuchean question will contribute to the removal of the source of tension in Southeast Asia, to a healthy development of the political situation, and also to the promotion of peace and stability in the region.

WEN WEI PO Editorial Views Shevardnadze Visit
HK0402022889 Hong Kong WEN WEI PO
in Chinese 4 Feb 89 p 1

[Editorial: "The First Thing Is To Resolve the Cambodian Problem"]

[Text] During his visit to China, Soviet Foreign Minister Shevardnadze has met Qian Qichen and Li Peng. Judging by the proceedings at these talks, the two sides earnestly hope to develop peaceful good-neighborly relations and also to firm up a date for a Sino-Soviet summit.

The Soviet foreign minister has brought a letter from CPSU General Secretary Gorbachev. It appears that this letter will put forward views on resolving the Cambodian problem, to facilitate the speedier solution of the main obstacle to the normalization of Sino-Soviet relations. It is expected that the letter will also put forward views on USSR-China relations and the Soviet Union's opinions on Asia and world peace and development, and so on, to help to expand the points in common and seek a relatively sound foundation for future cooperation between the two countries.

Deng Xiaoping was the first to suggest a meeting with Gorbachev, but this proposal carried the preconditions that the Soviet Union should pull back its large forces from the border, withdraw from Afghanistan, and no longer support Vietnam in committing aggression against Cambodia and affecting stability in Southeast Asia. These are the "three big obstacles" familiar to the world. In raising the issue of the "three big obstacles," China is actually opposing hegemonism and upholding world peace. Gorbachev has now set to work to resolve the foreign policy mistakes left over from the Brezhnev era, first dealing with two of the three big obstacles; withdrawing troops from the Sino-Soviet border, and the pullout from Afghanistan, which will soon be completed. The remaining obstacle between China and the Soviet Union is thus the Cambodian problem. The change in the Soviet Union's policy of supporting Vietnamese aggression against Cambodia will facilitate an early

solution of the Cambodian problem. It should be acknowledged that Gorbachev has displayed vigor and farsightedness in reversing the foreign policy of the Brezhnev era.

China and the Soviet Union should attain two foreign policy goals during the Soviet foreign minister's visit to China: 1) To discuss in still clearer and more specific terms the question of proper supervision of the Vietnamese troop withdrawal, and a scheme for a political solution of the Cambodian problem, allowing elections under international supervision, with the countries concerned taking part in this supervision as guarantors. 2) To exchange advance views on setting a new pattern for future Sino-Soviet relations, to ensure the success of a Sino-Soviet summit.

Gorbachev hopes that his visit to China will not be just a symbolic political visit; he hopes that economic, trade, and science and technology exchanges between the two countries will be pushed forward to a new stage and that China and the Soviet Union will engage in large-scale cooperation in their vast border regions. Naturally, this will mean lowering military confrontation between them to the minimum level.

The Chinese side similarly takes a positive attitude toward relations with the Soviet Union. And the current focus of attention is the speediest possible solution of the Cambodian problem. With this resolved, the remaining matters can be dealt with easily. Therefore, when welcoming the Soviet foreign minister at the airport, Qian Qichen emphasized that "China and the Soviet Union should reach further understanding regarding a just and reasonable solution of the Cambodian problem, to promote the solution of this problem." On the same day, Premier Li Peng met Sihanouk in Beijing. Their talks focused on the question of Vietnam not setting preconditions for its withdrawal from Cambodia. When the Chinese and Soviet foreign ministers met next day, the Cambodian issue took up two-thirds of their discussion time, the other third being devoted to bilateral relations.

It is by no means the case that the Soviet Union can do nothing about the Cambodian problem. Will Vietnam genuinely withdraw? Will civil war break out after the withdrawal? As before, it is the Phnom Penh regime that is capable of provoking civil war, because Vietnam has actively beefed up the Phnom Penh armed forces with heavy equipment, while Vietnamese ex-servicemen who have taken Cambodian wives have been reorganized into the Phnom Penh forces and militia. The Phnom Penh regime's armed forces are the strongest of the four factions in Cambodia. Prince Sihanouk has pointed out that "Cambodia is in danger of becoming a Vietnamese colony." Li Peng pointed out when meeting the Soviet foreign minister that "this visit to China should play a stimulating role in promoting a political solution of the Cambodian problem, so as to eliminate the main obstacle to the normalization of Sino-Soviet relations."

If the Soviet Union hopes for a genuine solution to the Cambodian problem and does not want a civil war there, then, together with peace-loving countries, it can promote elections under international supervision to bring about peaceful cooperation between the four Cambodian factions and ensure stability in the country. With the Soviet Union clarifying its attitude, the possibility of a Vietnamese relapse will be reduced. If Vietnam desires a genuine and fair solution to the problem, the Cambodian situation will not become "Vietnamized."

The improvement of Sino-Soviet relations should start with resolving the Cambodian problem.

IZVESTIYA Article on Soviet Ties Viewed
OW0502141389 Beijing International Service
in Mandarin 0900 GMT 31 Jan 89

[Text] On the eve of Soviet Foreign Minister Shevardnadze's visit to China, the Soviet newspaper IZVESTIYA published on the front page on 30 January an article on Soviet-Chinese relations. The article said: Our two socialist countries are taking positive and necessary measures to enable relations between our two countries to return to a normal track. In recent years, contacts in economic, cultural, and science and technology fields between the two countries have developed rapidly.

The article pointed out: 1988 is an important stage in beginning an extensive political dialogue between the Soviet Union and China. This dialogue began with Chinese Foreign Minister Qian Qichen's visit to Moscow, the first visit to Moscow by a Chinese foreign minister in more than 30 years. The main result of the talks in Moscow was the reaching of an agreement that Comrades Gorbachev and Deng Xiaoping will hold a summit meeting in Beijing in the first half of 1989. The summit meeting will undoubtedly be the beginning of a new stage in Soviet-Chinese relations. The article said Soviet people believe that the talks that will soon be held in Beijing will be successful.

Differing Soviet Perceptions of Meeting Viewed
HK0502013089 Beijing ZHONGGUO XINWEN
SHE in Chinese 1357 GMT 4 Feb 89

[Text] Beijing, 4 Feb (ZHONGGUO XINWEN SHE)—Soviet Foreign Minister Shevardnadze announced this afternoon to nearly 200 Chinese and foreign journalists who had been awaiting him for 2 hours: The high-level Sino-Soviet meeting is scheduled for the early part of the middle 10 days of May (wu yue zhong xun chu qi 0063 2588 0022 2484 0443 2601). However, when the Soviet foreign minister had boarded his plane and had not yet left Chinese territory, Chinese Deputy Foreign Minister Tian Zengpei told reporters that that schedule was only a Soviet proposal, and the specific timing has yet to be firmed up.

Due to the fact that the meeting between Deng Xiaoping and Shevardnadze in Shanghai this morning overran its scheduled time, plus the fact that Shevardnadze spent more than 2 hours in the Soviet Embassy on his return to Beijing, journalists who had arrived according to schedule for his press conference had to wait for him more than 2 hours in the International Club.

However, they learned a great deal at this press conference. For instance, the Soviet Union will soon publicly announce its timetable for troop withdrawal from Mongolia; the last Soviet soldier will be withdrawn from Afghanistan on 15 February; Soviet-Chinese military and foreign affairs expert groups may start work before the Sino-Soviet high-level meeting; Foreign Minister Shevardnadze has been entrusted to invite PRC Foreign Minister Qian Qichen to pay an official visit to the Soviet Union, and so on, including the timing of the Sino-Soviet high-level meeting, which he announced in an affirmatory tone.

However, Tian Zengpei said after seeing him off at the airport that the Chinese side is prepared to study the dates proposed by the Soviet side, and will consult them on this matter to find a date suitable for both sides.

During his 4 days in China, the Soviet foreign minister met Deng Xiaoping and Li Peng and held two rounds of talks with Qian Qichen. His talks lasted a total of 9 hours. Shevardnadze said that Deng Xiaoping is a great optimist on the normalization of Soviet-Chinese relations. Shevardnadze had a very good impression of the first visit to China by a Soviet foreign minister for 30 years. He said that the meetings and talks were sincere, rich, and fruitful.

The Chinese side took a similar view. Tian Zengpei said that as everyone knows, it is first necessary to eliminate the three big obstacles in order to normalize Sino-Soviet relations. Substantive progress has now been made on the question of these three big obstacles.

The Chinese and Soviet sides both acknowledge that this visit by the Soviet foreign minister has enabled the two countries to broaden the scope of understanding. They both declared that they will work for a fair and reasonable political solution of the Cambodian problem at an early date. The views of the two sides tended toward identity [qu yu yi zhi 6393 2456 0001 5267] on the questions of full Vietnamese withdrawal of forces from Cambodia by September, the freezing of all forces in Cambodia after the withdrawal, international supervision, and giving full scope to the important role of the United Nations in resolving the Cambodian problem.

However, Tian Zengpei pointed out that there are still differences between the two sides. For instance, The Chinese side supports the establishment of a four-party coalition government in Cambodia headed by Prince Sihanouk, whereas the Soviet Union only agrees to bringing about a four-party coalition under the auspices

of Sihanouk. China has proposed that a peace-keeping force be sent into Cambodia, but the Soviet Union expressed neither agreement nor opposition on this.

Tian Zengpei also revealed that the talks also dealt with the question of whether the Soviet foreign minister would meet Prince Sihanouk, but Shevardnadze did not meet him, on the grounds that it is still too early for that.

Shevardnadze's Pakistan Visit Discussed

Visit Previewed

OW0402122489 Beijing XINHUA in English
1137 GMT 4 Feb 89

[Text] Islamabad, February 4 (XINHUA)—Soviet Foreign Minister Eduard Shevardnadze will arrive here tonight to pay a two-day visit to Pakistan amid strong diplomatic speculation that his visit is of great importance.

Shevardnadze's visit to Pakistan takes place just 11 days before the Soviet Union completes the withdrawal of its troops from Afghanistan in accordance with the U.N.-mediated Geneva Accord signed last April.

During his stay in Islamabad, the Soviet Foreign Minister is expected to hold talks with his Pakistani counterpart Sahabzada Yaqub Khan and call on President Ghulam Ishaq Khan and Prime Minister Benazir Bhutto.

The talks, which are described by diplomats here as "crucial and decisive", will mainly focus on the formation of a broad-based government in Afghanistan after the withdrawal of Soviet troops from Afghanistan.

The Afghan resistance forces are preparing the first meeting of the proposed shورا (consultative council) which will meet in Pakistan on February 10.

The shورا will give a vote of confidence to an interim government in Afghanistan nominated by the Supreme Council of the Pakistan-based seven-party Afghan Resistance Alliance.

The interim government is said to replace the Soviet-backed Kabul regime and run Afghanistan after the Soviet troops withdrawal is completed by February 15.

The Soviet Union reportedly supports the idea of convening a shورا to form an interim government in Afghanistan but insists that members of the present ruling party in Kabul, the People's Democratic Party of Afghanistan (PDPA), should be included in the shورا.

However, the Afghan resistance has rejected the Soviet stand, saying that the PDPA has no right to share power in any future set-up in Afghanistan.

According to official sources here, Pakistan favors a broad-based government in Afghanistan to be formed in accordance with the aspirations of the Afghan people.

Shevardnadze, who is the highest ranking Soviet official to visit Pakistan in over two decades, may likely to extend his stay as he desires in view of the nature of his talks with Pakistan officials.

However, there are no indications that the Soviet minister would meet Afghan resistance leaders in Islamabad.

The Afghan resistance has earlier declared that unless Shevardnadze comes with a "changed plan" there would be no use of holding another round of talks with the Soviets.

The Soviet Union and the Afghan resistance have held two rounds of talks in Saudi Arabia and Pakistan respectively. The talks, however, have broken off as the two sides differ greatly over the induction of the PDPA into the future government in Afghanistan.

Arrives in Pakistan

OW0502111389 Beijing XINHUA in English
1038 GMT 5 Feb 89

[Text] Islamabad, February 5 (XINHUA)—Soviet Foreign Minister Eduard Shevardnadze said that he has come to Islamabad to discuss the Afghanistan issue and bilateral relations with Pakistan leaders.

Speaking to reporters upon his arrival at the Islamabad airport from China earlier this morning, the Soviet foreign minister said that he will hold consultations with Pakistan officials on how best to restore peace and tranquillity in Afghanistan.

Shevardnadze's visit to Pakistan took place just 10 days before the deadline of Soviet troops' withdrawal from Afghanistan in accordance with the U.N.-mediated Geneva Accord signed last April.

The Soviet minister said that he is not here by chance and added that problems have been piling up.

He noted that these problems, both in the development of bilateral relations and regarding the most acute problem of Afghanistan, are awaiting solutions.

Shevardnadze said that on February 15 the withdrawal of the Soviet troops will be completed and in that context a number of problems are arising.

During his stay in Islamabad, the Soviet foreign minister, who is the highest ranking Soviet official to visit Pakistan in over two decades, will hold talks with his Pakistani counterpart Sahabzada Yaqub Khan and call on President Ghulam Ishaq Khan and Prime Minister Benazir Bhutto.

Though the agenda for Shevardnadze's talks with the Pakistan officials has not been disclosed, he is expected to have come with some new proposals in his pocket on Afghanistan.

Diplomatic sources here said that Moscow wants Pakistan to cut off all weapon and ammunition supply routes to the Afghan resistance forces. In return, it is ready to stop providing arms to the troops of the Soviet-backed Kabul regime.

The Soviet minister's visit coincides with the busy preparations being made by the Afghan resistance groups to hold the first meeting of the proposed shura (Consultative council) in Pakistan on February 10.

The shura will give a vote of confidence to an interim Afghan government which is said to replace the Kabul regime and run Afghanistan after the Soviet troops withdrawal is completed.

Moscow insists on inclusion of members of the ruling people's Democratic Party of Afghanistan (PDPA) in any future government in Kabul, but, it has been rejected by the Afghan resistance forces.

SHIJIE ZHISHI Views Soviet Disarmament
HK0302135089 Beijing SHIJIE ZHISHI
in Chinese No. 2, 16 Jan 89 pp 18-19

[Article by Zhou Aiqun (0719 1947 5028): "An Unexpected Breakthrough"]

[Text] In early December 1988, Gorbachev unexpectedly announced at the UN General Assembly the Soviet Union's decision to unilaterally reduce its troops by 500,000, along with a large number of conventional weapons. This decision, as another major disarmament move after the INF Treaty, has already evoked an enthusiastic reaction. While welcoming this decision, the United States and other Western countries are all studying and analyzing the background of this initiative by the Soviet Union and its possible impact. World opinion believes that this move on the part of the Soviet Union has made three breakthroughs in its past practice.

The first breakthrough is that this is a unilateral disarmament. For many years the European conventional disarmament talks dragged on in endless disputes between the two sides over the quantity of conventional forces and arms to be reduced and the principle on reduction. Little progress was made. This time the Soviet Union announced that "the disarmament program will be carried out unilaterally." This will basically satisfy NATO's insistence that the Warsaw Pact take the lead in disarmament and reduce more troops.

The second breakthrough is that this is a considerable reduction of troops. In the next 2 years the Soviet Union will reduce its troops by 500,000. As estimated by the West, these troops account for 10 percent of the Soviet

Union's armed forces, which total nearly 5 million (including internal security forces and frontier guards). This is the most massive disarmament that the Soviet Union has ever launched since the downfall of Khrushchev. In the meantime, the Soviet Union has promised to "cut its conventional arms by a wide margin." Ten thousand tanks, 8,500 guns, and 800 fighter planes deployed in Soviet European territory and in Eastern European countries will be decommissioned. It is clearly prescribed that the number of Soviet tanks deployed in Eastern Europe will be reduced by 5,000, which represents about 50 percent of the Soviet tanks deployed there.

The third breakthrough is that the disarmament operation will be carried out simultaneously in Europe and Asia. The current disarmament will not only involve Europe but will also result in a substantial reduction of the "armed forces stationed in Asia" and the withdrawal of "a considerable portion" of the Soviet troops stationed in Mongolia. The Soviet Union will not only "reduce the number of its troops and weapons deployed in its European territory" but will also withdraw six tank divisions from Democratic Germany, Czechoslovakia, and Hungary and dismiss them. At the same time, Gorbachev also announced that the remaining Soviet troops in Eastern Europe will be restructured and changed from an offensive-oriented force into a defensive-oriented one; munitions factories will switch to the manufacture of nonmilitary products so as to "effect a transition from an armament economy to a disarmament economy."

Internal and External Contributing Factors for Disarmament

According to analyses by observers, the Soviet Union has been planning to reduce its army and withdraw some of its troops from Eastern Europe and Mongolia for a long time. But Gorbachev's decision to launch the operation at this moment is based on the consideration of some profound international factors and the Soviet Union's domestic needs.

Diplomatically, the Soviet Union is eager to further the detente process and to gain the initiative. Facing tremendous obstacles in its domestic reforms, the Soviet Union is trying hard to make new breakthroughs in its foreign relations. As little progress can be made in the strategic arms talks for the time being and the European conventional disarmament talks will not start until early next year, it is quite clear that the Soviet Union's aim in announcing the decision on a reduction of its army by 500,000 is to push for a conventional disarmament in Europe from the Atlantic to the Urals and to further the East-West detente process with the INF Treaty as its hallmark. Meanwhile, the Soviet Union has decided to reduce its troops stationed in Asia and to withdraw most of its troops from Mongolia. In doing so it wants to cultivate a good atmosphere for the proposed Sino-Soviet summit. Taking into account a series of high-level

diplomatic activities initiated by the Soviet Union such as Gorbachev's recent visit to India, his meeting with Reagan and Bush on the occasion of the UN General Assembly, and his invitations to the French president, the Italian prime minister, and the FRG chancellor to visit his country, one can see that the Soviet Union is launching a diplomatic operation featuring detente and cooperation, with the aim of gaining the initiative. The announcement of the decision on disarmament has brought about a new climax to this operation.

The Soviet Union's decision, announced at the moment that a new president of the United States was taking over the White House, is a challenge to the Bush administration. Bush has clearly stated that with regard to disarmament, the focus will be placed on conventional arms after he assumes office. In making its decision, the Soviet Union has no doubt hit the ball into the U.S. court and thus gained the initiative. If the United States responds to the Soviet Union's decision and withdraws its troops from Europe on a large scale, it will surely further aggravate the contradiction between the United States and Western Europe. The Soviet Union's decision on disarmament may also encourage a stronger demand for disarmament within the Western European countries and dampen the morale of Western European soldiers. Therefore, the United States and Western Europe will be faced with a still more complicated and difficult situation.

Economically, the Soviet Union is trying hard to lighten its armaments burden and to mend its pace in reform. As estimated by the West, the Soviet Union's actual annual military expenditures have now exceeded \$200 billion, which accounts for 16 percent of its GNP and one-third of the Soviet government's expenditures. For the Soviet Union, most of its electronic products, one-third of its machine and processed metal products, one-fifth of its metallurgical products, and one-sixth of its chemical and energy products are dedicated to national defense. This situation has resulted in a lopsided Soviet industrial structure which has seriously hindered economic development and the improvement of the people's standard of living in the country. The reduction of part of its troops is yet another step that the Soviet Union is going to take in effecting the switch from the armament economy to the disarmament economy. This will not only help to ease the shortage of funds and labor force but will dispel the West's misgivings, pave the way for the import of Western funds and technology, and thus help speed up economic reform at home.

Militarily, the Soviet Union wants to prove with real actions the "purely defensive" nature of Soviet military theory and thus downgrade the confrontation between East and West. Gorbachev has repeatedly asserted the "purely defensive" nature of Soviet military theory since rising to power. But in the eyes of Westerners, so far all the changes in Soviet military theory are nothing more than propaganda since the Soviet Army's structure has not been changed, its military personnel has not been

reduced, military deployment has not been readjusted, and armament has not been curtailed. For this reason, they have urged the Soviet Union to take some real action. During his visit to the Soviet Union in early August last year, U.S. Secretary of Defense Carlucci openly criticized the Soviet defense structure and military strategy for not "keeping in line with its defensive theory." Under these circumstances, in order to show its sincerity, present real proof of the defensive nature of its military theory, put the international disarmament talks on a realistic basis, and downgrade the confrontation between the East and the West, the Soviet Union has announced the decision on the reduction of 500,000 troops and, in particular, on the withdrawal and dismissal of six tank divisions stationed in Eastern Europe, the withdrawal of landing forces and boat bridge units, the reorganization of Soviet troops in Eastern Europe, and the gradual transformation of these offensive-oriented troops into defensive-oriented troops.

This Will Be Conducive to Further Disarmament but Does Not Guarantee Plain Sailing

Based on comprehensive analyses of all available information, the world media have reached the following conclusion on the Soviet Union's 500,000-troops reduction program:

First, this is an important step that the Soviet Union has taken in implementing its defense principle of "reasonably sufficient force." In recent years the Soviet Union has repeatedly emphasized that national defense must submit to the needs of economic development. Since July 1985, the Soviet Union has time and again promised to cut its military expenditures, curtail its nuclear and conventional armaments, and fix its defense force at "a reasonably sufficient level." According to reports by Western news media, as a step toward the implementation of this principle of "reasonably sufficient force," a discussion and debate on the size of the army, its establishment, its structure of arms of services, military expenditures, and other questions has been taking place in the Soviet Union for the past 2 years. The present 500,000-troops reduction program is very likely an outcome of this debate. It is predicted that the Soviet Union will continue to adopt some new disarmament measures in the future; but, at the same time, it will implement the principle of "placing the stress on quality in army development." In other words, while reducing the number of military personnel, it will concentrate its attention on updating arms and equipment, improving training, and enhancing the army's combat strength.

Second, the disarmament operation will not change the balance of power between East and West. Although the reduction of Soviet troops by 500,000 is quite a considerable number, after all, it only accounts for about 10 percent of the Soviet Union's total armed forces. It will still maintain a strong offensive force after the troops reduction operation. What is more, according to an analysis by sources concerned, the newer tanks that the

Soviet Union have called back from the first front will replace the older tanks on the second and third fronts, and only the outmoded tanks will be abolished. For this reason, Western European leaders have welcomed this decision by the Soviet Union with circumspection or reservations. The NATO foreign ministerial meeting believes that even if the Soviet Union really reduces its army by 500,000, the Warsaw Pact will get the upper hand and, therefore, their troops should be further reduced by a wide margin.

Third, the disarmament operation will push the European conventional disarmament process forward. The Soviet Union's 500,000-troop reduction plan is not mere propaganda. If nothing goes wrong it may possibly be accomplished within 2 years. After the Soviet Union announced this decision, members of the North Atlantic Council met to coordinate their stands and to work out a countermeasure. It appears that the European conventional disarmament talks to open early next year will be more likely to make some progress after painstaking bargaining.

Fourth, the Soviet Union's disarmament policy will be conditional on domestic and international factors. At home, in view of the differences of opinion on the disarmament issue within the Soviet Army, the implementation of this decision will inevitably encounter some obstacles. Meanwhile, NATO members will demand still more in future talks. They will not only ask the Soviet Union to keep its promise to reduce its troops by 500,000 but will also urge it to make more concessions. Therefore, it is not likely that the Soviet Union's disarmament plan will see plain sailing.

Official Reflects on Trip to USSR

Part One

HK0302134489 Hong Kong WEI WEI PO in Chinese
2 Feb 89 p 2

[First Installment of "Special Article" by Wu Xiuquan (0124 0208 2938): "A Friendly Visit—Impression of a Visit to the Soviet Union"]

[Text] Editor's Note: This article was originally carried in the magazine YOU SHENG [FRIENDLY VOICE] edited by the Chinese People's Association for Friendship with Foreign Countries. Being existing president of the China-USSR Friendship Association, and having been appointed director of the Department of Soviet Union and East European Affairs and vice minister of the Ministry of Foreign Affairs, the writer Wu Xiuquan is very familiar with Soviet and East European Affairs. He visited the Soviet Union from 7 to 26 July last year. He wrote down his impressions of the Soviet Union in this article. During this unofficial visit, which arrested public attention, he interviewed with Soviet state leaders. [endnote]

Entrusted with the mission of promoting friendship between the Chinese and Soviet people, I headed a delegation representing the Chinese People's Association for Friendship with Foreign Countries and the China-USSR Friendship Association to visit the Soviet Union, a neighboring country from which I have been separated for about one-fourth of a century. We spent 18 days in the Soviet Union and covered 30 thousand li. Apart from Moscow, we visited Leningrad, Riga, and the historic city of Yalta.

A Friendship With Age-Old Historical Origins

The friendship between Chinese and Soviet people is time-honored. Soon after the Chinese delegation arrived, comrades from the USSR-China Friendship Association told us that monuments to Chinese worker troops, who had fought heroically to safeguard the newborn Soviet regime, will be erected where they had fought a bloody battle and sacrificed.

Instances abound of Chinese people, under the influence of the October Revolution, enthusiastically supporting the young Soviet power, and sparing neither their blood nor their lives to consolidate the Soviet Republic. Here is an example: Chinese workers working at Alapayevsk at that time set up a "Chinese regiment," and joined the Soviet Red Army. The regiment was awarded the title "Red Eagle Regiment" on 27 October, 1918 for its brilliant achievements in war. After the regimental commander Ren Fuchen heroically gave his life, Lenin had a cordial interview with his wife and children. Lenin set a high value on the noble selfless internationalism displayed by the Chinese working class. As we know, a total of about 2,000 officers and soldiers under the "Red Eagle Regiment" laid down their lives, not to mention other Chinese citizens.

Friendly Interviews With Soviet Leaders

During their hard times of revolution and wars, Chinese people also got help from Soviet people. Voluntary fighters from Soviet Air Force units bravely engaged the invading Japanese Air Force over China, especially over Wuhan and Lanzhou. The Soviet Army made an important contribution to the campaign to wipe out Japan's Kwantung Army that occupied northeast China.

In recent years, contacts and cooperation between friendship organizations of both countries have been steadily improved. Exchange of delegations, commemoration meetings, and all kinds of exhibitions have played a positive part in promoting mutual understanding and friendship between people of the two countries.

We had friendly interviews with Soviet state leaders when we were in Moscow. When we met with Jie Lie Si Ke Wa [2212 0441 2448 4430 1216], chairman of the Soviet Association for Friendship with Foreign Countries and Qi He Wen Si Ji [7871 6378 2429 2448 1015],

chairman of the USSR-China, we talked about the possibility of stepping up exchange, holding academic roundtable conferences, promoting mutual understanding, and improving friendly relations between friendship organizations of the two countries, since both parties had signed cooperation programs.

Wherever we went, we found that Soviet people took a great interest in China. Soviet Sinologists gave us an account of how they studied ancient Chinese culture and how they translated philosophical works by Lao-tse and Chuang Chou. Young people excitedly talked about Chinese films being awarded prizes once again at the international film festival, and hoped they would be able to study authentic Chinese martial arts. And people from all walks of life expressed amazement and admiration for the great successes achieved in China in the process of introducing reform and open policies, developing production, enlivening the economy, and creating a thriving market.

As reform proceeds, quite a number of units in the Soviet Union have begun having their leaders elected by the masses. Professor You Zha Ji Si [1429 2089 1015 2448], President of Latvinskaya [La Tuo Wei Ya 2139 2094 4850 0068] University, which we visited, was selected by secret ballot at a meeting of an academic commission consisting of 160 members. Riga Automobile Factory openly advertised for a factory chief after it had failed to fulfill the production plans and had been heavily in debt for a long time. The new factory chief was not only full of drive, but also well versed in production and management, and good at bringing the initiative of the staff and workers into full play. As a result, the factory showed a turn from loss to profit and made an important contribution to the country. The factory chief also enjoyed the support of the staff and workers. The Soviet Government has decided to step up the construction of residential houses. It has cooked up a plan under which every family will have been allocated a flat by the end of this century. The Riga Automobile Factory plan will be fulfilled 7 or 8 years ahead of schedule.

Part Two

HK0302142889 Hong Kong WEN WEI PO in Chinese
3 Feb 89 p 2

[Second and last installment of "special article" by Wu Xiuquan (0124 0208 2938), President of China-USSR Friendship Association: "A Friendly Visit—Impressions of a Visit to the Soviet Union"]

The Soviet Union has gradually transferred to a lower level the power to cooperate with foreign enterprises and introduced advanced scientific and technological inventions. Take as an example the Latvia's "Atari" [a da ri 7093 6671 2480] agricultural corporation, which covers a total area of 130,000 hectares. The company has maintained close business relationships with five countries and imported from the Netherlands a complete set

of advanced methods and technologies for growing potatoes, including tillage machinery, insecticide, chemical fertilizer, and fine variety, which yields good effects. "Atari" also has the status of a foreign trade company, helping fraternal collective farms purchase or sell something abroad. In the company, "Atari" institutes a strict system of rewarding the superior and punishing the inferior toward its 5,000 workers. Due to its outstanding performance in production, the company's workers receive an average monthly salary of 372 rubles, exceeding the average monthly salary of the Soviet Union as a whole, which is 210 rubles.

A Lively Social Atmosphere in the Soviet Union

During our stay in the Soviet Union, we witnessed a lively social atmosphere. Newspapers, radio stations, and television stations frequently discuss issues of great concern to the public. The economy is also livelier than before. In the capital and other places, the collectively and individually run stalls are well received by people. Naturally, Soviet comrades also frankly told us that there were still numerous difficulties and problems and that the reform path was still quite arduous.

As an old fighter, I was most profoundly impressed by the heartfelt condolences expressed by the Soviet people and government for the martyrs who had sacrificed their lives in resisting the German fascist aggressors. As many as 20 million Soviet people died during World War II. We can see one monument after another in places where the Soviet soldiers and civilians put up a heroic fight. To express our respects for the heroes, our delegation presented a wreath at the (Piskhalyov) [pi si ka liao fu 4122 2448 0595 1675 1133] Cemetery when visiting the heroic city of Leningrad.

Although our delegation's schedule was tight, I managed to find time to see the places, where I had studied and worked when I was young.

In 1925, as a young man of 18, I went to the Soviet Union and became the first group of students studying in Moscow's Zhongshan University. After graduation, I entered the Moscow Infantry Academy in the autumn of 1927 to study military affairs. Sixty years had passed. The buildings of the infantry academy was still faintly discernible, but the site of the former Zhongshan University had changed beyond recognition. The former two-storied buildings were replaced by four-storied buildings and, in the vast campus bordering on the streets, new buildings were erected, with a sign of the Philosophy Research Institute of the Soviet Academy of Sciences hanging on the gate. Had it not been for the instruction of a guide, who could have recognized it as the site of the former Zhongshan University?

May Relations Normalize at an Early Date

Our delegation arrived at Red Square and presented a wreath in front of the Lenin Mausoleum. It was here that, at the grand ceremony on 7 November 1927 marking the 10th anniversary of the October Revolution, as a

cadet of the Moscow Infantry Academy, I, together with other Soviet classmates, formed a battalion-size square and, with rifles in our hands, marched through Red Square to receive the inspection of Soviet leaders. How time flies! I have turned from a young man of 18 into an old man of 80. As I stood in Red Square, all sorts of feelings welled up in my mind.

China and the Soviet Union are two neighboring states. The peoples of the two countries have a long, traditional friendship. At present, our two peoples are facing the

arduous tasks of building and developing our own countries. We sincerely hope that China and the Soviet Union will normalize relations on the basis of the five principles of peaceful coexistence at an early date and proceed to establish long-term, steady, friendly, and good-neighboring relations. This is in the fundamental interests of the two peoples and is conducive to safeguarding peace and stability in Asia and the rest of the world.

May Sino-Soviet friendship constantly develop. May the Soviet people overcome difficulties and obstacles and score new successes on the path of reform.

Deng Xiaoping Celebrates New Year in Shanghai
OW0502141989 Beijing XINHUA Domestic Service
in Chinese 1332 GMT 5 Feb 89

["Local Broadcast News Service;" by reporter Chen Maodi]

[Text] Shanghai, 5 Feb (XINHUA)—On the eve of the Spring Festival, Deng Xiaoping, chairman of the Central Military Commission, had a happy gathering with responsible comrades of the Shanghai municipal party, government, and military organs to greet the New Year.

Comrade Deng Xiaoping was all smiles and shook hands with the responsible comrades from all circles in Shanghai. They extended festive greetings to one another.

Attending today's gathering were: Jiang Zemin, member of the Political Bureau of the CPC Central Committee and secretary of the Shanghai municipal party committee; Chen Guodong, chairman of the municipal Advisory Commission; Mayor Zhu Rongji; and others.

Chen Pixian and Song Shilun, Standing Committee members of the Central Advisory Commission; Zhou Gucheng, vice chairman of the NPC Standing Committee; and Liu Jingji and Su Buqing, vice chairmen of the National CPPCC Committee, attended the gathering.

Text of Zhao's Speech at 30 Jan Tea Party
OW0402095989 Beijing GUANGMING RIBAO
in Chinese 31 Jan 89 p 1

[Text] Speech at Spring Festival Tea Party for Veteran Comrades

Zhao Ziyang

(30 January 1989) Comrades, Spring Festival, the Chinese people's traditional festival, is drawing near. The Central Advisory Commission, the CPC Central Committee Organization Department, the PLA General Political Department, and the Beijing Municipal Party Committee are sponsoring the Spring Festival tea party for veteran comrades here today. On behalf of the CPC Central Committee, the State Council, and the Central Military Commission, I extend my advance Spring Festival greetings to all comrades who are here today, as well as retired veteran comrades all over the country.

As hundreds of millions of households across the country celebrate the Spring Festival, they will naturally remember that it is precisely the older generation of revolutionaries' bloody sacrifices and protracted struggles that have brought about today's peace, stability, and prosperity. Meritorious services performed by veteran comrades for the revolution and construction in China will go down in the annals of history and be remembered from generation to generation. The party and the government thank you, the Army thanks you, and the people thank you!

As comrades have shown concern for the current situation and work, I would like to take the opportunity today to give you a briefing.

As you know, China has been carrying out reform since the 3d Plenary Session of the 11th CPC Central Committee was convened. The decade-long reform has considerably built up China's economic and technical forces, markedly improved the people's livelihood, and has brought about a tremendous change in the entire nation's outlook. The significance of reform lies not only in the achievements we have already made, but also, more importantly, in the new system we are exploring and trying to set up, that is, a system that is capable of stimulating the expansion of social productive forces while giving play to our political superiority to continuously perfect socialist democracy and the legal system, and further manifest the superiority of socialism. This, of course, is a difficult tortuous road. The tasks are extremely arduous and complex. It is impossible to totally avoid setbacks or errors on this road. Nevertheless, we have already scored remarkable achievements. The task of doubling the GNP before 1990 has been prefulfilled—proof that the direction we have chosen and the party's basic line are correct. As long as we advance steadfastly along the line laid down at the 3d Plenary Session of the 11th CPC Central Committee and pay prompt attention to solving new problems, we will surely win victory after victory and reach the set goal.

Comrade Deng Xiaoping has repeatedly stated that it is necessary to attend to the work in the two areas. This is why we have been developing the socialist commodity economy for the expansion of productive forces on the one hand, while carrying out ideological and political work on the other. Without developing the socialist commodity economy, socialism would only mean poverty and would not be able to manifest its superiority. Without carrying out the work in the ideological and political realm, there would be no social stability, and various negative undesirable phenomena of a capitalist society, especially prevalent in the initial stage of a developed capitalist commodity economy, will grow. As a socialist country, China has the conditions for developing the commodity economy and cracking down on negative undesirable phenomena. It is of utmost importance that we must attend to the work in both areas.

The 3d Plenary Session of the 13th CPC Central Committee, held last September, has put forth the principles for "improving the economic environment, rectifying economic order, and deepening reform in an all-around manner," and decided to shift the focus of reform and construction for the next 2 years to improving the environment and rectifying order. Since then, the Party Central Committee and the State Council have adopted a series of measures which have begun to yield results in improving the environment and rectifying order. Of course, the results are only initial, and we should by no means slacken our efforts at the work which should continue to be carried out in a down-to-earth manner.

While working out the principles for improving the environment and rectifying order, the 3d Plenary Session of the 13th CPC Central Committee also emphasized the importance of strengthening and improving party leadership and bringing into play our political advantage. Based on this, we concentrated efforts on carrying out a number of activities over the past few months. Centered on the question of improving party workstyle and promoting a clean administration, the party Central Committee investigated and studied diverse areas, while the Secretariat held a special forum and issued a summary of minutes. Toward the end of last December, the party Central Committee convened a national work conference on education among party members to discuss and work out plans for educating party members and intensifying party building. In mid-January, a national forum on judicial, procuratorial, and public security work was held to study the questions on upholding the people's democratic dictatorship, strengthening the construction of the socialist legal system, and coordinating all quarters of society to tackle problems in public security. In late January, a national discipline inspection work meeting was held to discuss and map out arrangements, in line with the principles of maintaining the high standards of the party and raising the quality of party members, for further improving party style and enforcing party discipline in the course of economic readjustment and reform. From 4 through the end of January, the party Central Committee summoned secretaries and deputy secretaries of some provincial party committees to attend a party building seminar held at the Central Party school, and conducted in-depth discussions on intensifying party construction ideologically and organizationally.

The party Central Committee holds that building socialism with Chinese characteristics cannot succeed without the development of the socialist commodity economy. The construction of the commodity economy cannot be carried out smoothly without effort in ideological and political fields, and the ideological and political work must be centered around party building. In the current work of party building it is necessary to conscientiously solve such prominent problems as, under the current situation of reform, opening to the outside world, and developing the commodity economy, how to enable party member-cadres to persevere in honestly performing their duties, build closer relations between party members and ordinary people; maintain the whole party's ideological unity and enhance the party's cohesion on major questions of political principles; enforce strict and unified discipline and overcome laxity among all party members (regardless of their work and positions); increase the party's appeal to the masses of people through improving and strengthening party leadership, and other measures. Party building is indeed confronted with quite a few new problems in the new situation. However, as long as party committees from the central down to the local levels conscientiously place party

building on the agenda, we will find solutions, accumulate experience, and achieve fruitful results in tackling problems. Facts have borne this out.

The party Central Committee is committed to continuing the work in the above-mentioned fields, and hopes that veteran comrades will render energetic support. With their high prestige, extensive influence, and rich experience, veteran comrades are the party's invaluable assets. The party Central Committee urges party committees at all levels to attach greater importance to work related to veteran cadres, showing concern for their political and everyday life, listening attentively to their criticisms and suggestions and trying to create the necessary conditions for them to take part in activities suitable to their talents. We should further advocate and carry forward the Chinese nation's fine tradition of respecting the aged in the whole party and society.

The accomplishment of the four modernizations and revitalization of the Chinese nation call for joint, sustained struggle by the old, middle-aged, and young generations. The whole party and whole nation should work in a determined manner with one heart and one mind, and forge into the future, one generation after another, despite setbacks. The revitalization of the Chinese nation will certainly succeed.

In conclusion, I wish all of you a happy festival and good health.

Li Peng Addresses Spring Festival Ceremony
OW0602084989 Beijing XINHUA in English
0822 GMT 6 Feb 89

[Text] Beijing, February 6 (XINHUA)—China should strive this year to make "substantial progress" in curbing price rises, in removing the anomaly of unfair social distribution and in combating corruption, Chinese Premier Li Peng stated here today.

At a gathering marking the country's Lunar New Year, Li Peng said the priority work of the year is to properly handle the relationship among political and economic stability, reform and development—that is, to deepen economic reform and develop the economy on the basis of maintaining a stable political and economic system.

Presided over by Wan Li, chairman of the National People's Congress Standing Committee, the gathering was attended by senior party and government officials and more than 4,000 representatives from various fields.

In his speech, Li Peng extended festival greetings, on behalf of the Chinese Communist Party (CPC) Central Committee and the State Council, to the people of various nationalities, the Chinese People's Liberation Army, compatriots from Taiwan, Hong Kong and Macao, Overseas Chinese and foreign friends helping China in its modernization program.

The current situation is characterised by economic development and political stability, the premier said, adding that initial achievements have improved the economic environment and economic order. Continuous inflation has been curbed, market supply tends to be normal, the scale of capital construction has been checked to some extent, business by party and government institutions has basically been stopped and the party building and ideological, political work have been strengthened.

However, this does not mean that the difficulties and problems the country is now facing in its progress towards development can be neglected, Li Peng noted.

Some of the difficulties and problems are the result of "our mistakes and errors in work", he added. Greater attention should be paid to solving them. Nevertheless, it is very difficult to solve all the problems as there are complex contradictions in the process of economic and social development. The settlement of these difficulties and problems needs a comparatively long time, a fact, he added, that the people should understand.

As a leading collective, the CPC Central Committee and the State Council are united and are capable of leading the Chinese people to advance all aspects of work in the modernization drive, Li Peng said.

China will not change its policy of developing the domestic economy and opening itself wider to the outside world as that policy coincides with the historical tide of social progress.

Efforts should be made to investigate new approaches to controlling national economic development during the drive to improve the economic environment. It is also imperative to strengthen the party building and political, ideological work and to improve the legal framework to ensure honest and clean government while doing so.

Referring to the conception of "one country, two systems" to peacefully reunify the motherland, Li Peng urged the Taiwan authorities to "examine the popular feeling of the whole Chinese nation and do several concrete matters for the reunification of the motherland at an earlier date."

China will continue to enhance its relations with all other countries through the expansion of economic, trade and scientific and technological exchanges. The Chinese people wish to join in the effort to establish a new international political and economic order, Li Peng said.

Li Peng called on all the Chinese people to greet the 40th anniversary of the founding of New China with contributions to the continuing reform program and to the opening of the country to the rest of the world.

Li Peng Visits Power Plant on New Year's Day
OW0602135389 Beijing XINHUA in English
0928 GMT 6 Feb 89

[Text] Beijing, January 6 (XINHUA)—On the first day of the Lunar Year of Snake, Chinese Premier Li Peng paid a visit to a thermal power plant here to wish its workers a happy New Year.

A former thermodynamics expert, Premier Li this morning inspected the Beijing No 1 Thermal Power Plant, which is located on the eastern suburbs of the city.

Li met many familiar faces during his tour of the workshops, and exchanged new year's greetings with his old friends and acquaintances. He was head of the city's power supply bureau over a decade ago.

Zhou Ziyang, Yang Shangkun Pay New Year Calls
OW0502072889 Beijing XINHUA in English
0646 GMT 5 Feb 89

[Text] Beijing, February 5 (XINHUA)—Zhao Ziyang, Yang Shangkun and other senior Chinese leaders are paying New Year calls on local citizens as China's traditional Spring Festival, the beginning of the lunar "Year of the Snake," begins tomorrow.

The custom of "Bai Nian" (paying New Year calls) is a long-standing tradition among the Chinese for celebrating the year's most important festival—when people make door-to-door visits to celebrate with relatives and friends.

General Secretary of the Communist Party Zhao Ziyang spent two days in Guangdong Province, the birthplace of many Overseas Chinese.

On February 2 and 3, he spoke with numerous local residents, Overseas Chinese, foreigners of Chinese origin, and compatriots from Hong Kong and Macao in Jiangmen City and Taishan and Kaiping Counties.

Most of the returnees have come back to the mainland for the holiday to take part in family reunions, sightseeing tours or business affairs.

About 1.1 million natives of Taishan County are now living abroad.

In Jiangmen, the party leader visited Wuyi University, founded only three years ago partly with donations from Overseas Chinese. In Kaiping, he toured the memorial hall of Situ Meitang, a noted patriotic Overseas Chinese leader.

Zhao also visited an orange farm in the county run by Chen Rongchang, an American of Chinese origin, and other enterprises funded by Overseas Chinese and foreigners.

At the farm, Zhao expressed his appreciation for Chen's investment in agriculture, which China badly needs.

"You've done the right thing," he told Chen, noting that "many foreigners are coming to China to invest in industry, but very few are investing in agriculture."

In addition, the party leader visited local cultural facilities.

During the visit, Zhao stressed that the Communist Party's policies on Overseas Chinese should be further implemented, encouraging them to take initiative in building their native land.

On February 4, Chinese President Yang Shankun attended a Spring Festival party for 1,700 Army officers and servicemen in Nanjing, capital of Jiangsu Province.

Speaking on behalf of Chinese leaders Deng Xiaoping and Zhao Ziyang, Yang wished the Chinese soldiers a happy new year. He called on them to join hands with the party, government and civilians in overcoming difficulties China has encountered in its on-going reform.

During the past few days, senior leader Chen Yun was in Hangzhou, capital of Zhejiang Province, and Peng Zhen and Wang Zhen visited Zhuhai City in Guangdong Province, to attend similar festival celebrations.

Zhao Ziyang Visits Overseas Chinese

OW0502112589 Beijing XINHUA Domestic Service in Mandarin
2230 GMT 4 Feb 89

[Text] According to a report by XINHUA reporter (Niu Zhengwu), General Secretary Zhao Ziyang made special trips to Jiangmen City and Taishan and Kaiping Counties, famous homes of the Overseas Chinese in Guangdong, 2-3 February, to extend Spring Festival greetings to the people there, as well as Overseas Chinese, foreigners of Chinese origin, and Hong Kong and Macao compatriots who had invested in factories there or were visiting relatives and touring there. He hoped that they would make concerted efforts to build the homes of the Overseas Chinese into a better place.

Accompanied by Lin Ruo, secretary of the Guangdong provincial party committee, Zhao Ziyang visited the Jiangmen "1 May" University, inspected the looks of the city proper, and visited a tangerine farm under the (Datong) Development Company Limited operated with investment by (Chen Rongchang), an American of Chinese origin, as well as the Taishan Textile Plant, a Sino-foreign joint venture.

General Secretary Zhao Ziyang discussed the construction of the homes of Overseas Chinese with local party and government cadres. He said: The homes of the Overseas Chinese have undergone tremendous changes in their outlooks. They have made great economic and cultural progress. Construction is thriving in all sectors.

These achievements are the result of firmly implementing the reform and open policy, earnestly applying the policy toward Overseas Chinese, fully mobilizing the enthusiasm of Overseas Chinese, returned Overseas Chinese and their dependents, and exploiting the advantages of the homes of Overseas Chinese. In future, in order to build the homes of Overseas Chinese into a better place, it is imperative to continue upholding the reform and open policy, implement the policy toward Overseas Chinese, and further arouse the enthusiasm of people in all sectors.

He also pointed out that the homes of Overseas Chinese should analyze their own characteristics, fully develop their own superiorities, concentrate on readjusting the economic structure in the course of improving the economic environment and rectifying the economic order, and make great efforts to strengthen management and increase efficiency. He hoped that all homes of Overseas Chinese will develop socialist commodity economy while attending to ideological work, including earnestly strengthening party building and doing a good job in development of spiritual civilization.

Further on Zhao in Guangdong

OW0502183589 Beijing XINHUA Domestic Service
in Chinese 1207 GMT 5 Feb 89

["Local Broadcast News Service;" by reporter Niu Zhengwu]

[Text] Guangzhou, 4 Feb (XINHUA)—Zhao Ziyang, general secretary of the CPC Central Committee, made a special trip to Jiangmen City and Taishan and Kaiping Counties in Guangdong, which are famous for being the hometowns of Overseas Chinese, 2-3 February in order to extend Spring Festival greetings to the people there, as well as to Overseas Chinese, foreigners of Chinese origin, and Hong Kong and Macao compatriots who had invested in factories or who were visiting relatives and were on sightseeing tours in the area. He encouraged them to make a concerted effort to further improve construction there.

Together with the counties of Enping, Xinhui, and Heshan, Taishan and Kaiping Counties—all of which are under the jurisdiction of Jiangmen City—are called "Wuyi," one of the main hometowns of Overseas Chinese. Wuyi is the ancestral home to some 2.8 million Overseas Chinese, foreigners of Chinese origin, and Hong Kong and Macao compatriots, residing in some 70 countries and regions.

Zhao Ziyang exhibited great interest in the development of educational undertakings in the hometowns of Overseas Chinese during his visit to Wuyi University. He was delighted to see one new building after another rising along the horizon. They had been built with funds raised by Overseas Chinese. He called on faculty and students to live up to the expectations of the people of Wuyi, as well as their relatives among Overseas Chinese. He urged

them to make the university a great success, training additional capable people for the hometowns of Overseas Chinese and contributing to educational undertakings. During a ride to the Meitanglou Overseas Chinese Garden, Zhao Ziyang toured the memorial hall of Situ Meitang, a noted Overseas Chinese leader, viewed a bronze statue that had been made of him, and paid tribute to the patriotic Overseas Chinese leader who had contributed to the founding of the New China.

While attaching great importance to the economic development of the hometowns of Overseas Chinese, Zhao Ziyang displayed a keen concern for the cultural construction there. He called on all hometowns of Overseas Chinese to persist in "attending to work in the two areas," that is, to vigorously develop the socialist commodity economy, on the one hand, while becoming involved in work pertaining to the ideological realm, such as intensifying party building and promoting spiritual civilization, on the other. He called on the hometowns of Overseas Chinese to carry out work in these two areas in a down-to-earth manner in order to further improve the construction projects there.

Further on Yang Shangkun's Visit

OW0402022289 Beijing Domestic Service in Mandarin
2230 GMT 3 Feb 89

[Text] On the afternoon of 3 February, President Yang Shangkun attended the Spring Festival get-together of soldiers and civilians in Nanjing, jointly sponsored by the Jiangsu provincial government, the Political Department of the Nanjing Military Region, and other units.

Before the get-together, accompanied by Han Peixin, secretary of the Jiangsu Provincial CPC Committee; Gu Xiulian, governor of the Jiangsu provincial government; and Xiang Shouzhi and Fu Kuiqing, commander and political commissar of the Nanjing Military Region, Yang Shangkun had met with Nanjing's party, political, and military leaders and some old comrades to extend the holiday season's greetings. The Army and local entertainers put on spectacular shows during the gathering.

President Yang Shangkun came to Jiangsu on 30 January for inspection purposes. From 31 January to 2 February, he toured around the bustling (Zhonghe) market, the (Xiaoheyuan) food market, and country fairs in Changzhou City to learn about the situation of preholiday market supplies. He expressed hope that local cadres and personnel of commerce departments will do a good job in ensuring market supplies for the people and in stabilizing commodity prices to enable the masses to enjoy a happy Spring Festival.

Our station reporter also reported that Chen Yun, chairman of the Central Advisory Commission, attended and watched the show at the Spring Festival gathering in Hangzhou on the morning of 3 February. Also present at

the gathering were Jiang Hua, member of the Standing Committee of the Central Advisory Commission, and party, and political, and military leaders of Hangzhou City, Zhejiang.

Top 3 'Desires' for Coming Lunar Year Detailed OW0502114389 Beijing XINHUA in English 0823 GMT 4 Feb 89

[Text] Beijing, February 4 (XINHUA)—The willingness for a thorough reform is listed as the top desire of the Chinese people when they look forward to the nation's greater prosperity in the coming lunar year starting February 6, the "CHINA DAILY" said today.

The two other desires are greater efforts for family planning and the reunification between the mainland and the island province of Taiwan, the Beijing-based newspaper said in its commentary "Spring Festival."

The past decade of reforms is only a prelude to great changes, which senior Chinese leader Deng Xiaoping describes as a "second revolution", the English-language paper noted.

It said the most typical traditional greeting during the Spring Festival (the Lunar New Year's Day) is "gong xi fa cai" (for prosperity). And it certainly has been the most appropriate one since China in late 1978 denounced the political upheaval of the "Cultural Revolution" (1966-76) and launched its large-scale reform and development program.

But the paper pointed out that the reform is now "far from complete and China still faces difficulties and a hard choice of alternatives."

Describing bringing order to the burgeoning and somewhat chaotic market as an important task, it called for implementation of Beijing's decisions to cut down on the scale of capital investment, stabilize prices, speed up the development of the energy and raw materials sectors and transportation and communications, and crack down on corruption.

The implementation of these decisions should be followed by adopting more business laws, consolidating the government's macro-economic controls, raising government credibility, and strengthening the idea that contracts must be honored, the paper said.

It added that China also needs livelier debate when it comes to working out new reform and development programs.

On the second desire, the daily said it is equally important to let more households realize the need for family planning and population control.

This task has become a must since China's population is expected to exceed the staggering figure of 1.1 billion only days after the Spring Festival, it said.

"The work seems to have received insufficient attention lately," it pointed out, adding that in distant corners of the countryside, farmers are still having more children than they can properly care for and educate, and the enormous population has added to the shrinkage of forests, arable land, water and virtually all other resources.

Talking about the reunification—especially that of the mainland and Taiwan, the daily said Spring Festival is a time when all Chinese celebrate by having family reunions, and this naturally leads people to think of a national reunion.

After Beijing's unceasing advocacy of "one country, two systems," people-to-people contacts between the mainland and Taiwan have seen a dramatic increase in the past year, it said.

Exchanges, however, are more in one direction; and communication has yet to become fully free and direct, it added.

"It is nevertheless an encouraging sign. And people are looking forward to more developments in this direction, to bringing about peace for the Chinese on both sides of the Taiwan Strait, happier festival reunions for their families, and brighter prospects for them to enjoy long-lasting prosperity," it concluded.

Commentator on Spring Festival, People's Desires
HK0402053089 Beijing CHINA DAILY
in English 4 Feb 89 p 4

[By CHINA DAILY commentator: "Spring Festival"]

[Text] New Year's Day on the Chinese lunar calendar is February 6, to usher in the Year of the Snake, sometimes euphemized as the year of the "small dragon." While all the old myths about this may be timeworn, many other things remain: dumplings for northerners, rice flour cakes for southerners, firecrackers and lantern lights, temple fairs and most joyful of all family reunions.

Also perpetual is the practice of extending greetings and best wishes for a happy and prosperous New Year.

The most typical traditional greeting is *gong xi fa cai* (for prosperity). And it certainly has been the most appropriate one since China in late 1978 denounced the political upheaval of the "cultural revolution" (1966-76) and launched its large-scale reform and development programmes. Never have the country's millions of citizens been so creative in rebuilding their lives and seeking democracy. Their market-oriented reform has thus far yielded much more prosperity than 10 years ago, illustrated by their ever more colourful Spring Festival holidays.

Judging from samples of the public opinion, one notes that people have three desires when they look forward to the nation's greater prosperity.

The first is reflected by their efforts toward a thorough reform. The past decade is only a prelude to great changes, which senior statesman Deng Xiaoping describes as a "second revolution." It is now far from complete and China still faces difficulties and a hard choice of alternatives.

One important task is to bring order to the burgeoning and somewhat chaotic market and to economic life as a whole. Major decisions have been made in Beijing in the last few months to cut down on the scale of capital investment, stabilize prices, speed up the development of the energy and raw materials sectors and transportation and communications, and crack down on corruption. The implementation of these decisions should be followed by adopting more business laws, consolidating the government's macroeconomic controls, raising government credibility, and strengthening the idea that contracts must be honoured.

China also needs livelier debate when it comes to working out new reform and development programmes.

The second is not new, but seems to have received insufficient attention lately. This is regrettable because it is equally important from a long-range view. That is to let more households realize the need for family planning and population control.

Family Planning

This task has become a must since China's population is expected to exceed the staggering figure of 1.1 billion only days after the Spring Festival.

A worrisome fact is that, in distant corners of the countryside, farmers are still having more children than they can properly care for and educate, and the enormous population has added to the shrinkage of forests, arable land, water and virtually all other resources. Mines are being opened up by the surplus rural work force without adequate technical supervision and regeneration of the ecology. Even cultural relics are being pulled down to make way for new housing or transportation projects.

When families and friends get together, they should also keep the future in mind, and reflect on whether they are leaving posterity a better or worse world in which they will spend their daily lives, let alone their festive occasions.

Reunification

The third desire is the reunification—especially that of the mainland and the island province of Taiwan, because Spring Festival is a time when all Chinese celebrate by having family reunions, and this naturally leads people to think of a national reunion.

After Beijing's unceasing advocacy of "one country, two systems," people-to-people contacts between the mainland and Taiwan have seen a dramatic increase in the past year. Exchanges, however, are more in one direction; and communication has yet to become fully free and direct.

It is nevertheless an encouraging sign. And people are looking forward to more developments in this direction, to bring about peace for the Chinese on both sides of the Taiwan Strait, happier festival reunions for their families, and brighter prospects for them to enjoy long-lasting prosperity.

TV Program Celebrates Lunar New Year's Eve
OW0502213989 Beijing XINHUA in English
1605 GMT 5 Feb 89

[Text] Beijing, February 5 (XINHUA)—Millions of Chinese families spent the Lunar New Year's Eve tonight, watching the evening party presented by the China Central Television [CCTV] station.

The New Year's Eve is a time for the Chinese people to have family get-togethers. Before TV sets were popularized, people sat late into the night, chatting, playing cards or Chinese chess. Now that almost every family has a TV set, the evening party on the screen has become an indispensable item for about 600 million Chinese people.

Today's special program, like the ones in previous years, consists of music, songs, dances, cross-talks, drama and acrobatics presented by noted artists, as well as film fragments.

The comedians Chen Peisi and Zhu Shimao presented their third hilarious performance. Leading cross-talk performers Ma Ji, Jiang Kun, Tang Jiezhong, Liu Wei, Xiao Lin and Li Guosheng won continuous applause and laughter from viewers.

Pop singers Wei Wei, Chen Rujia and Hu Yue and vocalists Peng Liyuan and Guan Mucun, and the variety dances of Chinese ethnic groups also entertained viewers.

Pop singers from Hong Kong and Taiwan also joined the party.

CCTV staff also added comic moments to the program by interspersing items with film fragments.

To make the four-hour Lunar New Year evening party—the most popularly watched program—interesting and impressive, CCTV staff spent six months on the preparation work.

Although the Beijing municipal government has worked out regulations restricting fireworks, the city still suffered from a bombardment of firecrackers by holiday-makers.

Premier on Reform, Improving Economic Environment
OW0502133289 Beijing Domestic Service in Mandarin
2230 GMT 1 Feb 89

[From the "News and Press Review" program]

[Text] At a meeting of State Commission for Restructuring the Economy cadres on 1 January, Premier Li Peng said: We will concentrate on improving the economic environment and rectifying economic order in the next 2 years. We will closely integrate this work with in-depth reform and gradually establish a new order of socialist planned commodity economy.

Li Peng said: We have achieved initial success in the work of improving the economic environment and rectifying economic order since the 3d Plenary Session of the 13th CPC Central Committee. An important task today is to handle correctly the relationship between improving the economic environment and rectifying economic order on the one hand and deepening reform on the other. We must not set one against the other. We should not regard the call for improving the economic environment and rectifying economic order as a sign that we are taking the road back or that reform is a mistake, thereby losing faith in it. Reform is a major trend in socialist countries today. China's reform and open policy have achieved tremendous success in the last 10 years. We must insist that there should be no change in the two. First, the general policy of reform and opening to the outside world set forth at the 3d Plenary Session of the 11th CPC Central Committee and the 13th CPC Congress will not change. Second, the policy of improving the economic environment and rectifying economic order in the next 2 years set forth at the 3d Plenary Session of the 13th CPC Central Committee will not change.

Li Peng said: Reform is a complex economic and social system engineering project. It is unprecedented and exploratory. We must seriously sum up our experience. We must uphold two things in developing a socialist commodity economy. First, we must insist that there should be different types of ownership, with public ownership remaining predominant. We can change the form of public ownership, but we must not change its essence. Second, we must insist that there should be different forms of distribution, with distribution according to work remaining predominant. We must fully

affirm the policy of reform and opening to the outside world and, on the basis of this, realistically sum up our experience in reform and construction to push forward the reform.

'Backgrounder' Discusses Choosing Living Buddhas
OW0502205889 Beijing XINHUA in English
1630 GMT 5 Feb 89

["Backgrounder: How Are Living Buddhas Reincarnated"—XINHUA headline]

[Text] Beijing, February 5 (XINHUA)—Reincarnation dates from the Gayma Baxi of Bkargyudpa School (the white sect) founded by Duisong Qimba who died in 1193.

Gayma Baxi, born in 1204, had studied the white sect since his childhood. He was selected by Buddhists to be the reincarnated successor to Duisong Qimba, thus becoming the first living Buddha of Tibetan Buddhism.

The Gelugpa School (the yellow sect) founded by Zong Kaba also adopted the reincarnation procedure. Zong Kaba had two major disciples, the 1st Dalai Lama and the 1st Panchen Lama, both chosen this way.

There have been 14 Dalai Lamas with the first being Gedun-Drubpa and the 14th being Dandzim Gyaco; there have been ten Panchen Lamas with the first being Khaedrubje and the tenth being Qoigy Gyaincain who passed away January 28.

Selecting a Panchen Lama requires five steps:

1. The search for the reincarnated child. Administrators of the Zhaxi Lhunbo Lamasery in Xigaze start their search one year after the death of the Panchen Lama.

This involves first locating the exact places where the potential contenders are born. This is determined through divine guidance or with the help of Tibetan oracles—monks and nuns—in whom deities, known as dharmatala (protectors of religion) are said to return to earth.

There are usually between one and four potential contenders. For example, four contenders were located to become the 7th Panchen Lama.

2. Child contenders give signals by being asked to identify the most favorite possessions of the deceased Panchen Lama, which are mixed in with the same number of similar objects. The children who pick out all the items which had been used by the previous Panchen Lama will become candidates.

3. Making inquiries of the deities. Oracles seek divine guidance on which child is the reincarnation. Those who are reconfirmed by the oracles will have to go through the procedure of drawing lots.

4. The drawing of lots. This practice was initiated by Emperor Qianlong. Imperial commissioner, representing the court of the Qing Dynasty, inscribed ivory lots with the names of the candidates. These lots were then placed in a golden vessel in the Potala Palace in Lhasa City.

Lots were drawn after lamas had chanted the "golden vessel scripture" for seven days. The lots were drawn by a commissioner.

5. Approval. The emperor would give his final approval to the choice of reincarnation after the drawing of lots. If there was only one candidate, the emperor would waive the procedure for drawing lots.

Lozang-Yeshe was approved by Emperor Kangxi in 1668 as the 5th Panchen Lama; Paldan-Yeshe was approved by Emperor Qianlong in 1740 as the 6th Panchen Lama; Tanpi-Nyima was approved by Emperor Qianlong in 1782 as the 7th Panchen Lama; Tanpi-Wangchug was approved by Emperor Xianfeng in 1857 as the 8th Panchen Lama; and Chhoekyi-Nyima was approved by Emperor Guangxu in 1888 as the 9th Panchen Lama.

The 10th Panchen Lama was approved by the then central government (the national government) on June 3, 1949.

Biographical Notes on 1st to 9th Panchen Lamas
OW0602082889 Beijing XINHUA in English
0706 GMT 6 Feb 89

["Backgrounder: Panchen Lamas—From First to Ninth"—XINHUA headline]

[Text] Beijing, February 6 (XINHUA)—The "PEOPLE'S DAILY" published biographical notes Saturday [4 February] on the nine Panchen Lamas preceding the 10th Panchen, who died on January 28 in Tibet.

Panchen the First

The first Panchen Lama, Khaedrubje, was born on the 8th day of the 4th month of the Tibetan calendar year corresponding to 1385 at the Qoingo village of Latoido-ning in western Tibet.

He became a lama in the Sagya Monastery when he was still a child. Later he took Zong Kaba, founder of the Yellow Sect of Tibetan Buddhism, as his master and eventually became one of his senior assistants.

He served as the third cam-do of the Gandain Monastery and wrote a biography of Zong Kaba.

He died on the 21th day of the 2nd month of the Tibetan calendar year corresponding to 1438 at the age of 53.

Panchen the Second

The second Panchen Lama, Sodnam-Chhogiang, was born in the present-day Xigaze Prefecture in western Tibet on the 10th day of the 1st month of the Tibetan calendar year corresponding to 1439 and died on the 25th day of the 3rd month of the Tibetan calendar year corresponding to 1504 at the age of 65.

Once the cam-do of the Angom Monastery, he is believed to have written a number of books on the religious doctrines of the Yellow Sect.

Panchen the Third

The third Panchen Lama, Lozang-Dondrub, was born in the Ngansa area in western Tibet on the 4th day of the 1st month of the Tibetan calendar year corresponding to 1505 and died on the 23rd day of the 2nd month of the Tibetan calendar year corresponding to 1566 at the age of 61.

A cam-do of the Angom Monastery, he used to travel around western Tibet preaching the doctrines of the Yellow Sect.

Panchen the fourth

The fourth Panchen Lama, Lozang-Chhoegyad, was born in the present-day Xigaze Prefecture on the 15th day of the 4th month of the Tibetan calendar year corresponding to 1570.

He became a cam-do of the Angom Monastery at the age of 14 and took the academic degree of "ruqing" at the Zhaxi Lhunbo Lamasery in 1586. In 1601, he became the 16th cam-do of the lamasery.

He died on the 13th day of the 2nd month of the Tibetan calendar year corresponding to 1662 at the age of 92.

The Fourth Panchen Lama was not only an outstanding religious leader but also a prominent political leader.

Together with the Fifth Dalai Lama, he suppressed civil strife in Tibet and played an important role in making the Yellow Sect a dominant religious school in the region.

Both he and the Dalai Lama, on their own initiative, sent representatives to the imperial court to establish contacts with the newly-founded central authorities of the Qing Dynasty. They are, therefore, believed to have made important contributions to the unification of China.

From the Fourth Panchen Lama, monks in the Zhaxi Lhunbo Lamasery took all Panchen Lamas as the natural cam-do of the lamasery.

Panchen the Fifth

The fifth Panchen Lama, Lozang-Yeshe, was born on the 15th day of the 7th month of the Tibetan calendar year corresponding to 1663 in Tobugyaxika in western Tibet.

In the first month of 1668, he was confirmed as the reincarnation of the Fourth Panchen Lama. In 1713, Emperor Kangxi of the Qing Dynasty conferred on him the title of "Banqen Erdini." From then on, all reincarnations of Panchen Lamas had to be approved by the central government.

He died on July 5, 1737, in Zhaxi Lhunbo Laesery at the age of 74. Although his time was characterized by frequent invasions by other nationals and by internal disorder, the Panchen Lama steadfastly supported the central government and made unremitting efforts to safeguard the unity of China, promote national unity and maintain stability in Tibet.

Panchen the Sixth

The sixth Panchen Lama, Paldan-Yeshe, was born on the 11th day of the 11th month of the Tibetan calendar year corresponding to 1738 in Namling Zongzhaxizaixika in western Tibet. In 1740, with the approval of Emperor Qianlong, he became the reincarnation of the Fifth Panchen Lama. The next year, the emperor sent a representative to Tibet to preside over his installation.

In 1780, he went to Chengde to congratulate Emperor Qian Long on his birthday. The emperor had a residence built for him in Chengde in the style of the Zhaxi Lhunbo Lamasery. In September the same year, the Panchen Lama returned with the emperor to Beijing where on many occasions he interpreted religious doctrines in Yong He Gong (Temple of Harmony and Peace).

On November 2 of that year the Panchen Lama died of illness in Beijing at the age of 42. The next year, Emperor Qian Long sent officials to escort his body to the Zhaxi Lhunbo Lamasery.

The sixth Panchen Lama contributed much to the unity of China and the struggle against division.

Panchen the Seventh

The seventh Panchen Lama, Tanpi-Nyima, was born on the 8th day of the 4th month of the Tibetan calendar year corresponding to 1782 in Bainang Zonggyixongxika in western Tibet. He became the reincarnation of the Sixth Panchen Lama the same year with the approval of Emperor Qian Long, who presented him with a "hada"—a scarf of white silk as a token of good luck—and a string of gem beads.

From August 1844 to March 1845, the Panchen Lama acted as regent of Tibet under an imperial order. He died on the 14th day of the first month of 1853 in the Zhaxi Lhunbo Lamasery at the age of 71. He made important contributions to the resistance of foreign invaders and to the unity of China.

Panchen the Eighth

The eighth Panchen Lama, Tanpi-Wangchug, was born on the eighth day of the eighth month of the Tibetan calendar year corresponding to 1855 in the Chucang village of Tobugaxika in western Tibet. He was confirmed as the reincarnation of the Seventh Panchen Lama by Emperor Xian Feng after the drawing of lots.

He died of illness on July 15, 1882, in his native village of Tobugaxika at the age of 27.

Panchen the Ninth

The ninth Panchen Lama, Chhoekyi-Nyima, was born on the 12th day of the first month of the Tibetan calendar year corresponding to 1883 in Garxa village of the Tabu area in eastern Tibet. Five years later, he was confirmed as the reincarnation of the eighth Panchen Lama with the approval of Emperor Guang Xu after the drawing of lots.

He died on December 1, 1937 in Qinghai at the age of 54.

In his early years, the Panchen Lama, together with the Dalai Lama, led struggles against the British and in his latter years he played an active part in the fight against the Japanese, becoming an outstanding patriotic leader of modern Tibetan history.

Because of differences with the Tibetan local government, the Panchen Lama went to live in the interior in 1923 until his death in 1937.

Journal Views Political Bureau Division
HK0502092389 Hong Kong CHENG MING
in Chinese No 136, 1 Feb 89 p 11-12

[Article by special correspondent He Shao-ming (6320 1421 2494): "A Severe Cold Winter in Cultural Circles"]

[Text] Cold winds are blowing in Beijing. The famous reformist political theorist Yan Jiaqi is kept under internal control. He is restricted from publishing articles. The chief editor of Shanghai's SHIJIE JINGJI DAOBAO Qin Benli (3953 2609 4539), who was constantly whipping up opinions on the opening up and reform, is advised to retire.....

To genuine reformist intellectuals, 1989 may mean another year of darkness. Following the ban on certain publications, articles, and films, there are other matters being banned. The cold winds from Zhongnanhai are swirling in the intellectual circles.

Party Papers are Prohibited From Publishing Yan Jiaqi's Articles

At the beginning of the New Year word was heard that: The CPC Central Propaganda Department issued a prohibition order to "RENMIN RIBAO" in the form of

an internal notice, instructing this central party newspaper that "from now on the newspaper is prohibited from publishing articles written by Yan Jiaqi without the approval of the central authorities." In the eyes of some intellectuals in Beijing, Yan Jiaqi is usually cautious in his speeches and articles. So how could he have offended the central authorities?

Yan Jiaqi became famous 10 years ago when he advocated "practice is the only criterion for judging the truth." He wrote the "Theory of Government Heads" [shou nao lun 7445 5207 6158] and "History of the 10 Years of Cultural Revolution." He raised his unique views on the "unity" of the two sides of the Taiwan Strait and the issue of "one country, two systems" at a forum held in Beijing by middle-aged and young theorists on 28 December 1988. He held that if we want to follow democratic order to solve these political issues, which have been delayed a long time, we have to amend the Constitution on the basis of discussion by the whole nation, and incorporate a series of legal questions concerning the unity and the implementation of "one country, two systems" into the Constitution before considering other problems. This theorist also published an article on this matter in a united front work journal.

The Old Men Suspect Yan Jiaqi To Be "Supporting Zhao Using an Iron Pen" [tie gan bao zhao 6993 2616 0202 6392]

Yan Jiaqi also repeatedly advocated that matters, especially political matters, must be strictly "handled in accordance with democratic procedures." In particular, "the nonprocedural replacement of (party and government) leaders" should not be allowed. For this reason, he is hated by a number of political old men. Under the present situation where Zhao Ziyang is losing his power to the two Politburo members Li Peng and Yao Yilin, he can be blamed for whatever he does, it is obvious that Yan's view was misinterpreted as "supporting Zhao using an iron pen" by those who were not used to "working in accordance with democratic procedures." However, some theorists thought that Yan Jiaqi's "idea of democratic procedures" might not be in support of Zhao. Zhao Ziyang is now beset with danger. It is impossible for one or two intellectuals or articles to extricate him from his predicament.

"SHIJIE JINGJI DAOBAO's" Political Troubles

The "SHIJIE JINGJI DAOBAO" published at the end of 1988 (26 December) also met with grave political troubles.

That issue of "SHIJIE JINGJI DAOBAO" (which was said to be a newspaper General Secretary Zhao appreciated and supported) published a detailed summary of the speech of the enlightened theorist Su Shaozhi at the "Daxing County meeting" (the theoretical discussion meeting in commemoration of the 10th anniversary of the 3d Plenary Session of the 11th CPC Central Committee). The speech included criticisms on the past

actions taken by the party in combating corruption and the bourgeois liberalization, and the idea of breaking from all academic restricted zones.

Hu Qili Angrily Denounced "SHIJIE JINGJI DAOBAO"

It is said that Hu Qili, who is responsible for ideological work in the whole country, was very angry after he read the article. He called in Wang Renzhi, the "leftist general" and head of the Central Propaganda Department, reproving Shanghai's SHIJIE JINGJI DAOBAO: "It published such an article (speech) without checking whether this was something internal or external. What was its intention? It's simply outrageous!" Following Hu Qili's instructions, the newspaper that "had got into trouble" was criticized, and notices were issued to all newspapers through the central Propaganda Department prohibiting them from reprinting Su Shaozhi's speech. Whoever dared to violate this instruction would be "seriously punished." SHIJIE JINGJI DAOBAO and its legal person, chief-editor Qin Benli would be further handled in such ways as ordering a "consolidation of the organization." It is said that the leftists in the Shanghai municipal committee acted on the Zhongnanhai decisions and advised Qin Benli to retire, but Qin refused. As Zhao Ziyang is in an unfavorable situation, it is difficult to predict the destiny of SHIJIE JINGJI DAOBAO.

Leftist and Reversary Offensive

On the one hand, the reformist camp and enlightened people are being suppressed, and on the other hand, the offensive for reversion and advocating "lingering leftist feelings" is largely conducted through newspapers and the media. Let us not mention that Zhang Yufeng, who Mao Zedong favored in his later years, was instructed by senior people to write articles in asserting her sincerity, and also extolling the holiness and innocence of "the great leader, the great teacher, the great helmsman." In Hong Kong there also appears in newspapers and magazines an evil trend of recalling and voicing grievances for Wang (Li), Guan (Feng) and Qi (Benyu), who were sinister writers supporting the "gang of four" and Jiang Qing. A rather famous writer in Shanghai also wrote an article of over 100,000 characters to complain against the unfairness toward Wang Li, who was at that time a member of the "Cultural Revolution Group under the CPC Central Committee," and had a tacit mutual understanding with the slaughterer Xie Fuzhi. Somebody said that all these phenomena could not be treated individually, but should be looked into together with the reversary trend of the economy (such as stressing again the planned economy, which is called the "birdcage economy," the increase in coupons being issued, and so on). It was said that during a meeting held by middle-aged and young theorists the economist Yu Guangyuan had emphatically urged people to see clearly, to be alert, and not to ignore the abnormal phenomenon that the "gang of four" and their remnants were publicly defended and flattered. Yu Guangyuan's worries are not unreasonable.

Reversary Signal—"Eight Points Raised by Chen Yun"

The more frightening news is the so-called "eight points (of opinions) raised by Chen Yun," which are spreading around well-informed sources here. There are two slightly different "versions" of the event of the "eight points raised by Chen Yun." One version said that old Mr. Chen told these points to Li Peng and Yao Yilin. Another version said that the eight points were spread after Chen Yun's discussion with Zhao Ziyang. However, it was not known whether they held the same views. There are different versions of the "eight points," which contained economic as well as other problems. The main point was that Chen Yun had conducted an investigation of senior CPC central party schools, asking a number of questions. Question: "What is the characteristic of socialism?" Answer: "Planned economy." Question: "To what extent is the planned economy existing?" Answer: "....." Therefore, Chen Yun said with certainty that "there is not much socialism left in the economic sector now." This is to say that from now on we have to pay attention to the socialist planned economy, which is an important factor in the aspect of economic foundation. Ideologically, Chen Yun held that all sectors are promoting the capitalist academic viewpoint. Chen Yun, who is able to contend with Deng, advocated, "Now, it is time for us to fight against all the capitalist theories and viewpoints on the ideological and theoretical front!" From his words, we can clearly see that he is preparing for a fight.

Zhao Ziyang Is Incapable of Action

Some people said that General Secretary Zhao Ziyang was very angry with the "Chen Yun's eight points" and adopted an uncompromising attitude of resolute resistance. But somebody also said when Zhao found that his "backstage boss," Deng Xiaoping, had for a long time remained silent and did not give him adequate support, he felt he would soon follow in the footsteps of the former General Secretary Hu Yaobang, and could not do anything to fight back. Anyway, there has been "a radical change" in the situation when compared with that during the battle of "Xiadu" [1115 6757] in 1988. At least Zhao is now one of the isolated minorities among CPC Political Bureau Standing Committee members. With the exception of the "moderates" Li and Yao, who are on the opposing front, Hu Qili, who acted as a mouthpiece for the reformists and a radical in the past, had surrendered to the economically reversary party, and acted at Li Peng's wishes. Under such circumstances, though General Secretary Zhao is more sober-minded and liberal, he alone is unable to change the whole situation.

Government Not To Cut Relief Funds to Poor
OW0402044389 Beijing XINHUA in English
1233 GMT 2 Feb 89

[Text] Beijing, February 2 (XINHUA)—China will not cut funds allocated to the aid of poor areas this year although it is facing financial and credit problems, the "PEOPLE'S DAILY" reported today.

According to the Seventh Plenary Meeting of the State Council's leading group for developing the economy of poor areas, the country had helped 60 percent of its poor households to make ends meet by the end of last year.

China had about 100 million people under the poverty line in early 1988. The annual income of each of these people was less than 200 yuan and their grain ration was less than 200 kilograms.

The Beijing-based newspaper said the remaining poor people mainly live in areas where the natural conditions are bad.

Although a number of counties have ensured that their people have enough to eat and wear, the paper said, their social productivity has not yet changed completely. They still need help to enable them to help themselves.

Therefore, the State Council has decided to continue its aid and preferential policies to help poor areas to boost their economy.

Chen Junsheng Cited

OW0402072289 Beijing Domestic Service in Mandarin
1030 GMT 1 Feb 89

[Text] Today, at the seventh plenary meeting of the State Council Leading Group for Economic Development in Poor Areas, State Councillor Chen Junsheng announced: The State Council has decided that although the country's financial and credit situation is tight, funds for aiding poverty-stricken areas will not be reduced. The main task for various regions and departments in the last 2 years of the Seventh 5-Year Plan is to take more effective measures and to concentrate efforts on solving food and clothing problems.

It is reported that good progress is being made in the economic development of poor areas. By the end of last year 60 percent of poor households receiving relief had solved their food and clothing problems. The situation around those households has changed from individual aid into a concerted effort at economic development. At the same time, however, new problems have cropped up. The main problem is: The remaining poor people live in areas where natural conditions are bad and the level of social development is low, which makes it more difficult to solve their food and clothing problems.

To fulfill the objectives set in the Seventh 5-Year Plan, the meeting decided: All regions and departments should readjust and strengthen their leading bodies for aiding poor areas. In the last 2 years of the Seventh 5-Year Plan, special interest-free loans for aid to poor areas will be collected by county authorities. These funds will be used for projects to eliminate poverty. Certain quantities of plastic sheeting and chemical fertilizer should be specially arranged for cold, high-altitude mountainous areas and arid areas in order to quickly solve food and clothing problems for poor households in those areas. Funds are

to be allocated for producing middle- and low-grade industrial products and for providing work as a form of relief. Priority should be given to solving problems in transport and drinking water in poverty-stricken areas. Ministries and commissions under the State Council should be further mobilized to particularly aid provinces and regions in the country's southwest and northwest that have large poor areas.

Chen Junsheng stressed: A policy should be adopted to encourage counties that have already solved their food and clothing problems. The main principle is that funds for aiding poverty-stricken areas will not be reduced and that the preferential policy toward these areas will remain the same. Priority should be given to granting loans to county-run enterprises. At the same time, the scope of using special interest-free loans to aid poor areas can be adjusted, and most of these loans should be used to help areas of poor households develop industry. All regions and departments should make every possible effort to do a good job in managing and using funds and materials for aid to poor areas. All those who illegally divide such funds and materials among themselves or misappropriate funds must be severely punished and such phenomena must not be tolerated.

Art Exhibit Closed After Artist Fires Shots

HK0502063489 Hong Kong AFP in English 0627 GMT
5 Feb 89

[Text] Beijing, Feb 5 (AFP)—Chinese police on Sunday closed the first legally mounted avant-garde art exhibition here since 1980 after an artist fired shots at one of the paintings, witnesses said.

Police were questioning the artist, whose identity was not immediately available, and the man believed to have been with him, witnesses said.

The "China Avant-Garde" exhibit opened Sunday in the Museum of Fine Arts in central Beijing, gathering 177 painters and sculptors from all over China.

It is the first legal exhibit of its type to be mounted in China since one organized in 1980 by the dissident artists' group "The Stars."

The authorities had until now not granted permission for any further avant-garde exhibitions.

Book on Mao and Nixon in 1972 Selling Well

HK0402052589 Beijing JIEFANGJUN BAO
in Chinese 29 Jan 89 p 3

[Article by Dong Baocun (5516 0202 1317): "Recommending 'Mao Zedong and Nixon in 1972'"]

[Text] At a time when literary works based on facts are in great demand, "Mao Zedong and Nixon in 1972" by Chen Dunde (7115 2415 1795) is an excellent book and difficult to come by. Since it came off the press, the book

has captured the attention of people from all walks of life. More than 10 newspapers and periodicals across the country have published the book in instalments or selected parts of it. As soon as the book went on the market, people scrambled for it until none were left and the publishing house had to manage to supply more immediately.

From 21 to 27 February 1972 Nixon, as U.S. President, paid a visit to the PRC and had historic talks with Mao Zedong, Zhou Enlai, and other Chinese leaders, followed by the famous Shanghai Communique. This is undoubtedly a significant event in the annals of Sino-U.S. relations. Both Nixon and Kissinger gave a comparatively detailed account of it in their memoirs. Those on the Chinese side of the negotiations also wrote quite a number of articles on the event. The writer, after making a detailed study of all these materials and visiting many comrades in the know, got the literary work, based on facts, done in one try.

One important reason for the book being so popular is that the writer wrote down in detail, and in a realistic style, the change in and development of Sino-U.S. relations. In the book there are materials, which are rarely known, as well as comparisons of different testimonies of the same events, providing the readers a sense of reality. For instance, the writer did not jump to an arbitrary conclusion as to whether Zhou Enlai shook hands with Dulles, but listed out various accounts for the readers to draw their own conclusions. We will obtain a clear understanding of the origin and development of Sino-U.S. relations after reading this book. The book covers a wide range of facts connected to Sino-U.S. relations which have continuously developed following historical logic: From Zhou Enlai personally taking up the matter of two American tourists entering Guangdong waters to Edgar Snow mounting the rostrum of Tian An Men at the invitation of Mao Zedong; from the American ambassador to Poland being too impatient to wait to see the Chinese charge d'affaires ad interim to Poland, to Nixon finding Yahya and Ceausescu in his effort to open up a path to China; and from the table tennis team taking the lead to Kissinger paying a secret visit to China...

The writer worked hard to portray Mao Zedong, Zhou Enlai, Nixon, Kissinger, and other important historical figures, vividly depicting their personalities and mentalities. At the same time, the writer did not ignore China's political background at that time: The two counterrevolutionary cliques headed by Lin Biao and Jiang Qing were making their way to the fore. The writer did not say much about their attitudes toward Sino-U.S. relations, but the short story left a deep impression on the readers all the same.

International Arbitration Cases Increase

HK0402053889 Beijing CHINA DAILY
in English 4 Feb 89 p 2

[By staff reporter]

[Text] China's two arbitration commissions handled 359 international arbitration cases last year.

Of these, the China International Economic and Trade Arbitration Commission was involved in 333, 59 per cent more than 1987.

The commission solved 87 cases last year, with 246 still to be resolved, said the commission's deputy chairman Wang Shoumao.

Eighty per cent of the disputes were about sales contracts and 14 per cent were from joint ventures and Sino-foreign co-operation projects.

Wang said 55 per cent of the cases were raised by Chinese. Others were raised by foreigners from 22 countries, including the United States, Japan, West Germany, Britain, Thailand, Cuba, Brunei and Iran. Half of the cases involved parties from Hong Kong.

The China Maritime Arbitration Commission handled 26 cases, solving 12. The arbitration cases involved parties from West Germany, Japan, the United States, Greece, Britain, Libya, Panama and Hong Kong and covered contracts, insurance and shipping damages.

According to a joint meeting by the two commissions in Beijing, the economic and trade arbitration commission will try to solve 110 cases and the maritime arbitration commission six this year.

Through arbitration by the two commissions, China has retrieved millions of dollars in compensation, officials from the two commissions said.

Wang said that some Chinese parties lost their arbitration suits. This has given foreigners confidence in the Chinese legal system and encouraged them to invest and do business in China, Wang said.

National Education Conference Stated for 12 Feb

OW0502070189 Beijing XINHUA in English
0919 GMT 4 Feb 89

[Text] Beijing, February 4 (XINHUA)—A national conference on education will be held from February 12 to 17 in Beijing, a senior official from the State Education Commission said here today.

Zou Shiyan, vice-minister of the State Education Commission, said state and provincial officials in charge of education, and presidents from 30 universities and colleges all over the country will attend the conference.

They will discuss the outline of the reform and development of China's education in the coming ten years, the drafting of laws and regulations on education and the major tasks for China's education in 1989.

School-run Enterprises To Get More State Help
HK0402053689 Beijing CHINA DAILY
in English 4 Feb 89 p 3

[By staff reporter Zhang Lin]

[Text] School-run enterprises are going to get more help from the Chinese Government.

New policies including tax breaks have recently been approved by the State Council, China's highest governing body.

They are meant to encourage primary and middle schools to make up the shortfall in State budgets for education.

The schools will be able to run not only production-oriented businesses but also any other business where profits can be made, a circular issued jointly by the State Education Commission, the State Planning Commission, and the ministries of Finance and Labour said.

The circular, however, stipulated the priority must remain on teaching and studying and further discouraged teachers or students from engaging in business on their own.

The new policies require governments at various levels to include these school-run businesses in their local development plan, and to give them priority in land and materials.

The policies permit schools to keep any foreign currency earned from exporting their products.

More than 650,000 primary and middle schools in China—72 per cent of the total—have started school-run enterprises.

They employ more than one million workers. Under a work-study programme, students spend one or two hours a week working in the enterprises.

Last year these enterprises reported an output value of more than 9 billion yuan and had a net income of 2.2 billion yuan, an official from the State Education Commission told CHINA DAILY.

Nearly 1 billion yuan was spent on improving teaching facilities, 50 per cent more than the extra State's fund to schools, Zou Shiyun, vice-minister of the State Education Commission said.

This promotion of businesses is expected to improve greatly teaching conditions and benefits which have been scanty in most areas.

State Council Circular on Work-Study Program
OW0402051589 Beijing XINHUA Domestic Service
in Chinese 1325 GMT 2 Feb 89

["Local Broadcast News Service"]

[Text] Beijing, 2 Feb (XINHUA)—The State Council recently approved and circulated a "Suggestion on Several Questions Regarding Further Promotion of Work-Study Programs in Primary and Middle Schools," submitted by the State Education Commission, the Finance Ministry, the Personnel Ministry, and the State Taxation Administration. The State Council pointed out: Work-study programs are conducive to implementing the party's principle on education in all primary and middle schools and promoting the educational undertakings. Work-study programs are also conducive to bringing teachers' initiative and creativity into full play by improving their livelihood, welfare, and remuneration. People's governments at all levels and relevant departments should strengthen leadership over this work and make overall, effective, and prudent arrangements in organizing and supervising work-study programs. They should also summarize and exchange experiences and promptly solve problems that are brought to light in order to further promote work-study programs.

The "Suggestion on Several Questions Regarding Further Promotion of Work-Study Programs in Primary and Middle Schools" urged primary and middle schools to carry out work-study programs in diverse forms of industrial or agricultural production, according to the reality of each locality. Where conditions permit, commerce, service trade, and the tertiary industrial activities may be carried out with the approval of departments in charge of education at and above the county level. It is necessary to create the conditions for schools to set up joint enterprises and to gradually develop them into a basis for education through manual labor among the students.

State Council Lists 1988 Legislative Activity
OW0402054489 Beijing XINHUA in English
1210 GMT 2 Feb 89

[Text] Beijing, February 2 (XINHUA)—China promulgated 45 laws and regulations last year in order to strengthen the reform and establish a new economic order, said Sun Wanzhong, director of the Legal Affairs Bureau of the State Council, here today.

He said the laws concern the administration of production materials and transportation revenue, forestry fire prevention, the supervision of waterways, and the leasing of small industrial enterprises.

Meanwhile, legislation concerning tax collection and financial management, and foreign economic relations was beefed up last year, including regulations for the encouragement of investment in Hainan Province.

Sun said the State Council has made continuous efforts to frame legislation to promote education, science, and technology, and combat corruption among officials.

Leadership's 'Left' Deviations Viewed

HK0402064189 Hong Kong CHENG MING in Chinese
No 136, 1 Feb 89 pp 6-8

["Notes on the Northern Journey" by Lo Ping (5012 0393): "Zhongnanhai Is Leaning to the Left"]

[Text] A large quantity of anti-Deng Xiaoping and anti-communist folk songs, slogans, and big-character posters have occurred on the mainland. Communist Party members and certain leading cadres take the lead in opposing the party leadership. The CPC has been alarmed and confused by the adverse mentality of the common people. It has resorted to both soft and hard tactics. The label of "counterrevolutionary" has been arbitrarily pinned, and people are arrested everywhere. Propaganda of the spirit of democracy and science of the "4 May" movement by universities and colleges has been banned. To the CPC, a complete retrogression amid the intensification of contradictions is not different from committing suicide.

"Deng Xiaoping Is Good, in Deng Xiaoping's Era, 1 Yuan Is Equal Only to 10 Fen"

"The east is red, and the sun rises. Mao Zedong has occurred in China..." The song the "East Is Red," which had once been popular in every corner of Mainland China, disappeared for many years. But the song has recently been sung again with its words being changed into the following:

"The west is red, and the moon rises. Deng Xiaoping has occurred in China. He strives for the benefit of the privileged (stratum). He asks us to mind our own business only."

"Deng Xiaoping is like a moon. The moon in the first day of the lunar month is different from that in the 15th day of the month. He is striving for the benefit of individuals. He asks us to mind our own business only."

Apart from the anti-Deng song, doggerels which oppose Deng but praise Mao also prevails:

"Mao Zedong is bad, Mao Zedong is bad. In Mao Zedong's (era) 10 fen were equal to 1 yuan."

"Deng Xiaoping is good. Deng Xiaoping is good. In Deng Xiaoping's (era), 10 fen are equal to 1 yuan."

Who wrote these songs and doggerels? Nobody knows. One only knows that these "works" are directed against Deng Xiaoping. Besides, there are some songs popular in some big cities such as Beijing, Tianjin, Shanghai, and so on, which are directed against the Communist Party, or socialism. For instance, there was a song called "Socialism Is Good," which was very popular throughout the country

during the period of the "big leap forward" and pompous prolixity in the fifties. The original words of the song: "The status of the people in socialist countries is high. Reactionaries have been overthrown, and the imperialists have run away with their tails tucked between their legs" have been changed into the following: "Socialism is good. Socialism is good. In socialist countries, the wages of the people are low. Reactionaries have not been overthrown, and the imperialists have come back again holding briefcases in their hands."

"Let All Undemocratic Systems Die"

It is difficult to find out who wrote the new words of the song "Socialism Is Good." There are two old songs with their words changed which have been spread from Zhengzhou of Henan. The first song is "Without the Communist Party, There Would Be No New China." The original words of the song were: "Without the Communist Party, there would be no New China. Without the Communist Party, there would be no New China. The Communist Party is struggling hard for the nation. The Communist Party is saving China's heart and soul. She points out the road of liberation for the people. She leads China to the light. She persisted in the 8-year war of resistance against Japan. She improves the people's livelihood. She established base areas behind the enemy lines. She has brought us benefits considerably by following democratic work style. Without the Communist Party, there would be no New China. Without the Communist Party, there would be no New China."

The words have been changed into the following:

We can save China only when we have overthrown the Communist Party. We can save China only when we have overthrown the Communist Party. The Communist Party has done a lot of bad things. The Communist Party has harmed the people and ruined the country. Class struggle has been carried out over the past 40 years since it seized state power. It cares nothing about the hardship of the people in their life, and the backwardness of the country. It has deprived the people of their rights for democracy and freedom. Bureaucratic and privileged strata are indulged in extravagance. We can save China only when we have overthrown the Communist Party. We can save China only when we have repudiated the four cardinal principles.

"Without the Communist Party, There Would Be No New China" was a song popular during the initial post-liberation period. Another song "Unity Is Strength" was popular among students even "before" the liberation. Now the words of the song have also been changed. The original words of the song were: "Unity is strength. Unity is strength. This is the strength of iron, and that is the strength of steel. Our strength is more powerful than iron and steel. We must open fire at the fascists, and let all undemocratic systems die. Let's march toward the sun and freedom. Let New China shine with boundless radiance!"

The new words of the song are:

"Unity is strength. Unity is strength. This is the strength of iron, and that is the strength of steel. Our strength is more powerful than iron and steel. We must open fire at dictatorship and autocracy, and let the communist privileged stratum die. Let us march toward democracy and freedom. Let the massive roars resound all over China!"

The Secretariat and Political Bureau Are Shocked

One of my friends found, by chance, these two old songs with their words changed in NEICAN (REFERENCE NEWS FOR INNER CIRCULATION). He told me that the office of ZHONGGUO QINGNIAN BAO had also received these songs which were mimeographed. These songs were repeatedly sent to the office. Some members of the editorial department said bitterly: These two songs were popular among the youths 30 or 40 years ago. But now... If the situation remains unchanged, the party will be done for!

When NEICAN arrived the Secretariat and the Political Bureau, they were shocked by the report. Leaders of various provinces and cities have also been upset very often by those "reactionary slogans," or folk songs. Not long ago, when Jiang Zilong, chairman of Tianjin Municipal Writers' Association, reported his work to Mayor Li Ruihuan, he read out some songs which expressed people's discontent with the present reality. Hearing this, Liu Ruihuan was struck dumb with fear, and felt astonished.

Some People Were Arrested in Zhengzhou, Wuhan...

Not long after that, incidents of arresting people happened in various localities. The three young people who changed the words of the songs "Without the Communist Party, There Would Be No New China" and "Unity Is Strength" were arrested in Zhengzhou by the public security organ on a charge of "counterrevolutionaries."

More than 1 months ago, three cases of "reactionary slogans" were also cracked down upon in Xian. These "reactionary slogans" read: "Down with the Communist Party! Down with the bureaucratic prerogative stratum!" One of the writers of these slogans was not only a party member, but also member of a party branch responsible for organizational work.

A cadre who has connections with public security organ told me that the Public Security Ministry has published QINGKUANG HUIBAO (REPORT ON THE SITUATION), which cited the contents of some "counterrevolutionary slogans," big-character posters, small-character posters, songs, and folk songs uncovered in Beijing, Tianjin, Shanghai, Xian, Zhengzhou, Wuhan, Chongqing, Guangzhou, and other cities. A recently uncovered reactionary big-character poster reads:

"This year is the 40th anniversary of the founding of the CPC. The wishful thinking of the highest leadership stratum of the CPC headed by Deng Xiaoping is that they can celebrate the occasion jubilantly. But the fact has turned out contrary to their wishes. The Chinese people, who have been living under the autocratic rule of the CPC for 40 years, have suffered much. The failure of the reform and the corruption of the privileged class have enabled the masses of the people to gradually realize that only by pursuing political democracy and giving up the the four cardinal principles, can they build a truly democratic, free, prosperous, flourishing, and united New China."

Two young people wrote this big-character poster. They were arrested in Wuhan.

In Beijing University, the Slogan "Xiaoping, You Are Good" Has Been Changed Into "Xiaoping, You Are Bad"

On New Year's Eve, 3 posters were put up in Beijing University. The two characters Xiao Ping were written upside down. Beijing University authorities were shocked by this, and regarded the case as a major case at the end of 1988. To minimize the so-called bad impact which the case might possibly produce, the central authorities and the State Educational Commission instructed Beijing University to turn big problems into small problems and small problems into no problems at all, and not to publicize the event. Although instructions were issued not to investigate the case, people still believe that the relevant departments will still investigate it secretly.

Of these folk songs, slogans, and big-character posters which have been emerging in endless stream, some of them might probably be written by leftist writers with an aim of swaying public opinion. But it is our belief that most of them were written by certain people when the privileged stratum ran amuck, corruption became a common practice, commodity prices soared, inflation swelled, and the supply of grain was insufficient. Their purpose in doing so was to admonish, or charge the authorities, or to give vent to spite.

Secret Document of the Public Security Ministry Explains the Four Characteristics of the Adverse Mentality

That cadre also told me, the QINGKUANG HUIBAO published by Public Security Ministry explained the four characteristics of the strong adverse mentality inside and outside the party: "1. The spearhead of attack is openly directed against Comrade Deng Xiaoping and the party Central Committee. 2. Totally negating the leadership of the Communist Party and denying the achievements made in socialist construction since the founding of New China. 3. Some party members and party cadres, who occupy leadership positions, take the lead in opposing

the party leadership. 4. Preaching the multiparty system of the bourgeoisie, and openly raising a cry to welcome back the KMT [Kuomintang]."

What annoys the CPC highest leadership stratum most is that Communist Party members take the lead in opposing the party. For example, a former department head in XINHUA NEWS AGENCY is a veteran party member who has belonged to the party for 47 years. People called her "old Marxist lady." Since last year, this old Marxist lady has openly said at party meetings that she has lost confidence in the Communist Party, and that her lifelong struggle for the Communist Party has been useless. This veteran revolutionary and party member has set two rules for her family members: 1) No one is allowed to talk about revolution at home. 2) No one is allowed to talk about communism at home.

This lady has been dispirited. This is a typical case among those middle-ranking party-member cadres.

Report on the 8,000-Member Riot Police Stationed in Beijing

Reports on numerous incidents on "unrest" and sabotaging events have kept spreading, in addition to many cases of "reactionary slogans." Most of those sabotaging events occurred with an aim of giving vent to personal spite. Due to the time limit, I will talk about this matter next time.

In view of the deepening of political crisis, the CPC has used both hard and soft tactics to prevent the outburst of underground magma.

The hard tactics is to strengthen the "antiriot" force, including the "armed police forces," "special police forces" and "riot police forces." It has been reported that "riot police," consisting of 8,000 members, have been deployed in Beijing to stand in combat readiness. Its main task is to prevent the student movement from joining the worker movement. In the meantime, the State Educational Commission has issued a document, instructing administrative authorities of various universities and colleges to ban the propaganda of the "4 May" spirit, namely democracy and science, to avoid student "unrest." The State Educational Commission and public security organs are stepping up their efforts to prevent the occurrence of a major incident on the occasion of marking the anniversary of "4 May" movement.

The soft tactics are focused on "propaganda and education" and exercising control. In the ideological field, the authorities continue to strengthen the work of "opposing liberalization."

Hu Qili, who has the power to deal with ideological matters, twice successively carried out national activities aimed at coping with ideological problems. The first

activity was to convene a national conference on ideological, educational work for (Communist) Party members. In the country, ideological education, or the so-called "reeducation" will be provided for party-member cadres with an aim of "unifying the understanding" of 46 million Communist Party members. The second activity was that Hu Qili personally called together leaders of the Propaganda Department of the CPC Central Committee (Theoretical Bureau and Educational Bureau), and the senior party school to discuss the problem of providing "education in the current situation throughout the country," and to prepare for "education in the current situation."

In the meantime, the spirit of Mao Zedong has been restored, and the work of deifying a certain individual has started. Please read the following poem which sings the praise of the "greatest man:"

On 9 September 1976, a great head could no longer move, and his body was covered by the party flag which he personally embroidered.

The whole of China was soaked in tears, and the Chinese propped themselves up against the wall so that they would not fall down to accept this unbelievable fact....

His remains were laid on the Tiananmen Square, and he should not lie there because the square was too small to contain his great thought....

He was once linked to the sun, but those who employed this metaphor never thought that even the sun will sink; only his body has sunk, but his brilliant ideas are still burning.

The poem was published in the December 1988 issue of RENMIN WENXUE. When one reads the poem, one might think that time has flowed backwards for 10 years. Ten years ago, the divine portrait had not yet collapsed. However, a few years ago people in the academic field pointed out that in the "four upholds," "upholding Mao Zedong Thought" was nowhere to be seen, yet now "upholding Mao Zedong Thought" is more frequent. Who would have thought that some important CPC leaders now intend to deify Mao Zedong and his thought again? Some people in Beijing ask: "Must we use Mao Zedong Thought to 'lead everything' again?"

Zhang Yufeng Is Also Engaged in "Literature Under Order" (feng ming wen xue 1144 0730 2429 1331)

Literary works which sing the praises of Mao are not limited to the poem mentioned above. Over the past 6 months or so, Cultural Revolution-style paeans have been published in party newspapers and journals. Zhang Yufeng's reminiscences are the most eye-catching. It is particularly noticeable that the sanctimonious GUANGMING (光明) and YANHUANG ZISUN (THE DESCENDANTS OF THE EMPERORS YAN AND HUANG), a journal run by the party's history

research office under the CPC Central Committee, have published Zhang Yufeng's articles. It was reported that this matter was deliberately organized and arranged by some authoritative persons. The main theme of Zhang's article "Two or Three Matters of Mao Zedong and Zhou Enlai in Their Remaining Years" is to praise the great and lofty Mao Zedong, and his "profound class feelings" for comrades (Zhou Enlai and Chen Yi in particular), and to speak in defense of Mao's conduct which became an object of public denunciation. For instance, Zhang refutes the rumor that after hearing the news of the death of Zhou, Mao let off firecrackers to celebrate the occasion, and so on. Zhang also describes in details how Mao let working personnel in Zhongnanhai jubilantly celebrate the Spring Festival by letting off firecrackers. When the article is published by GUANGMING RIBAO, this passage is omitted to avoid ruining the effect by adding something superfluous.

The Memorial Hall Was Opened to the Public, and a Discussion Marking the Anniversary of Opening Up Was Not Allowed To Talk About Promoting Free Theories

While reviving the superstition in Mao and his thought, the CPC has banned cultural and academic activities which act contrary to deification, dogmatism, and distortion of theories. The activity of "offering a sacrifice to utopia," which was aimed at exposing the imperious and despotic conducts of Mao with historical facts was banned. The "River Elegy," which denounced ossified and conservative ideas and power, was also banned. Writers and artists are not allowed to write anything about the Cultural Revolution, or merits and demerits of cadres. The CPC fears that the sour spots of those monarchs and influential officials, who were dead or are still living, would be touched. Control has been imposed on Yan Jiaqi's articles published in party newspapers, because he has unique views on certain issues.

[Text] In addition, a theoretical discussion marking the anniversary of opening up was not allowed to discuss the issues of promoting free theories and lifting control over the theoretical field.

What a satirical thing! The theoretical discussion was the "Theoretical Discussion Marking the 10th Anniversary of the 3d Plenary Session of the 11th CPC Central Committee," which lasted 5 days, and started on 18 December 1988.

Su Shaozhi Was Attacked Because He Courageously Defended the Truth

Of those forerunners in the theoretical field, only Su Shaozhi attended the theoretical discussion single-handedly. He spoke at a group discussion, criticizing the mistakes of the organizer of the theoretical discussion (he refrains from criticizing Director of the Central Propaganda Department Wang Renzhi by name). He also criticized Hu Qiaomu who made theoreticians Yu Guangyuan, Wang Ruoshui, and others suffer in the

campaigns of "eliminating spiritual pollution" and "opposing bourgeois liberalization." He pointed out that a leader of the Central Discipline Inspection Commission (he refrained from criticizing Chen Yun by name) knew nothing about humanism and alienation. He added: "Some leaders have tried to absolve the mass criticism campaign around the Cultural Revolution from blame." Su Shaozhi made the criticisms with his academic courage, his speech was full of sound reasoning, and was convincing. The leadership stratum of the CPC should have been proud of such an outstanding theoretician. However, some people thought that Su had "overstepped the bounds." When SHIJIE JINGJI DAOBAO published his speech, the passage criticizing Hu Qiaomu was deleted. The newspaper still ran into trouble for publishing the speech. Other newspapers and journals were not allowed to carry Su's speech. It has been reported that disciplinary action will be taken against Su Shaozhi. What is this all about? This means strangling academic and press freedom! This means suppression of the press and theoretical circles! This means the revival and havoc of the leftist deviationist forces!

I want to add one thing: This demonstrates the intensification of political contradictions.

"Notes on the Northern Journey" once pointed out: What the conservatives want now is total retrenchment and retreat. Apart from taking the road of retrogression economically, they also want the CPC to turn the clock back ideologically. To the Communist Party, the intensification of contradictions and the deepening of political crisis is no different than committing suicide. There is no doubt about that.

Commodity Economy Requires Rule by Law
HK0502053689 Shanghai SHIJIE JINGJI
DAOBAO in Chinese 23 Jan 89 p 6

[Report: "Zhang Zonghou (1728 1350 0624), Worried About the Backlash of Rule by Man and Rule by Power, Says the Commodity Economy Requires Rule by Law"—first paragraph is SHIJIE JINGJI DAOBAO introduction]

[Text] In a certain sense, the problems cropping up in the previous stage were the results of the lagging introduction of reform in the political structure and of the absence of a legal system. In improving the economic environment and rectifying economic order, we want to take this opportunity to give a push to the legal system, which has fallen short of the demands of the times and build up greater staying power for the continued development of reform. Otherwise, a backlash of rule by man and the notion of administrative power being supreme will result from the rectification. In these circumstances, this rectification, which can only work for a while, will leave no end of trouble for the future.

Recently, when discussing the question of whether the rule of man or the rule of law should be strengthened during the current rectification of order, Jurist Zhang Zonghou said: "If we strengthen administrative power and the mechanism of rule by man intentionally or unintentionally, by taking advantage of the rectification of order, this will mean putting up barriers to the next reforms, which will need great efforts to remove. Conversely, if we gradually perfect the mechanism of rule by law through rectification, we will be able to create the most favorable external environment for the reforms in the next stage."

China's reforms are now in a crucial period. This is not only because some problems which should be tackled and solved have cropped up in the course of reform, but also because we are confronted with the question of which line of thinking we should adopt in doing so. The product economy requires the rule of man characterized mainly by administrative power, and the commodity economy calls for the rule of law characterized by equal competition. Therefore, the question of rule by man or rule by law reflects in a concentrated way two diametrically opposed lines of thinking in regard to the rectification of order and thus has a bearing on the success or failure of reform.

Zhang Zonghou maintained: The crucial reason the ongoing reforms have suffered setbacks lies in "the lagging building of rule by law." The root cause of the runaway prices and inflation is the comprehensive reflection of the entire economy "operating in spite of illness," and is therefore a structural malady. Specifically, the new structure requires the establishment of a macroeconomic regulatory system under which "the state regulates the market, and the market guides the enterprises." But in fact, the state can hardly control the market and the market can hardly manage to guide the enterprises because it cannot deliver correct signals. On the other hand, the rope tying enterprises to the state, which should have been loosened or even cut, was tightened instead. Since the government is reluctant to loosen controls over enterprises, it is, therefore, difficult for the latter to free themselves from the former as its appendages. On no account should we carry out the current rectification of order merely for rectification's sake. Instead, the rectification is aimed at establishing a new commodity economic order. The new order of the commodity economy should be based on the legal system and the mechanism of rule by law. One substantial characteristic of the mechanism is to protect and expand the rights and privileges of people and enterprises and to restrict administrative power. However, what is disturbing is that while improving the economic environment and rectifying the economic order, some State Council departments have reduced and restricted, rather than expanded and protected, enterprises' rights and privileges in the name of tightening macroeconomic control. Many stipulations they have issued to their subordinate enterprises contravene the "Enterprise Law" and the "Regulations Governing Contracts." For example, all

subsidies for projects using officially owned funds are stopped without exception; no new projects, including projects involved in technological transformation, are allowed to be launched; all newly undertaken projects involved in technological transformation are asked to suspend construction; and the construction of all projects outside the state plan is stopped. The enterprises which had just freed themselves a little from their bonds were again tied fast by these numerous administrative ropes. Of course, during the rectification period, to curb inflation, it is necessary to appropriately strengthen administrative power, but if the power is used to cut, ban, weaken, and restrict enterprises rather than to counter bureaucratic racketeers, private profiteers, and those who profit by using their power, it will be a very unwise move.

In terms of rule by law, no administrative organ, including the State Council, has legislative power. An administrative organ composed of officials can only issue necessary administrative decrees within the framework of the Constitution and the law, and is not in a position to enact any laws. To meet the special needs of the reform era, the National People's Congress has vested the State Council with authority to work out administrative statutes if necessary. This is called "mandated legislative power" in jurisprudential terms. The exercise of mandated legislative power is subject to strict restrictions. The most important is that no administrative statute worked out according to such a power should contradict the laws enacted by bodies of power [quan li ji guan 2938 0500 2623 7070]. The "red-letter documents" issued by relevant State Council departments to reduce or take back enterprises' rights and privileges given by the "Enterprise Law," violate the spirit of rule by law. What is more serious is that as orders in this form are frequently issued one after another to lower-level units, this has created a mentality that in doing work, people will always set their eyes on "red-letter documents" and ignore the laws. In reality, this means putting changeable policies above the laws, which are stable in nature. If this situation is allowed to continue for a long time, our society's sense of the legal system will become more blunted.

Zhang Zonghou pointed out: In a certain sense, the problems cropping up in the previous stage of reform resulted from the lagging introduction of reform in the political structure and of the lack of a legal system. In improving the economic environment and rectifying economic order, we want to use this opportunity to give a push to the legal system, which has fallen short of the demands of the times, and build up greater staying power for the continued development of reform by sacrificing some economic growth rates. Otherwise, there will be a backlash of rule by man and of the notion of administrative power being supreme. In these circumstances, the rectification of order, which can work only for a while, will leave no end of trouble for the future. When pointing out that some old practices had to be adopted again in the course of improvement and rectification, Comrade

Zhao Ziyang took into account that this way of doing things was an expedient measure. It is necessary to use some old measures and it will not do not to do so. However, we must remain sober and understand very well that no excessive efforts should be made to strengthen them. To prevent the restoration of the old structure, establishing the rule of law as quickly as possible is a task of top priority.

Rule by law, which has connections with socialized large-scale production and modern democratic politics, has three most basic characteristics: 1) Major policy decisions are made according to already laid down democratic procedures and the will of the great majority of people; 2) there is a complete legal system and strict legal procedures; and 3) authority is checked by rights and privileges. On this point, Zhang Zonghou maintained: To establish the mechanism of rule by law, in the light of realities in China, we should take the following 10 steps:

1. It is necessary to thoroughly discard the erroneous theoretical guide that sums up laws as the needs of class struggle, a guide that prevailed for a long time in the past.
2. It is necessary to cast away the traditional burdens of the past. Rule by law needs independence and equality, as well as a cultural climate in which people protect their own interests.
3. The political system and mentality characterized by "state standards," "official standards," and "duty standards" should be changed.
4. The science of law based on rights and privileges should be established anew.
5. While adhering to "refraining from talking about the legal system in the absence of democracy," we should also have the spirit of "refraining from talking about rule by law in the absence of freedom."
6. Judicial independence and the notion of putting the Constitution and the law above everything else should be realized. No party, government, or individual shall have any privileges transcending the law.
7. Enterprises which are free from the control of administrative power and more representative should act as the main player in the market. This serves as the economic foundation for the rule of law.
8. The success of establishing effective mechanisms of checks and balances on power, of democratic participation, and of social supervision depends on the change from a status-conscious [shen fen zhi 6500 0533 0455] society to a profession-conscious [zhi ye zhi 5120 2814 0455] society.

9. In line with the changed international economic situation, we should orient the design and readjustment of our legal structure to the needs of the 21st century.

10. Efforts should be made to foster a scientific concept of law and to set up a legal structure and system which are harmoniously established and in good order, as well as a legal procedure system under which all powers are subject to the law as well as to fair and strict supervision, with judicial independence as the prerequisite.

Finally, Zhang Zonghou pointed out: Currently, as the essential meaning of rule by law is not clear and definite, this may lead to a situation in which people pursue rule by man by flaunting the banner of rule by law. Although some localities and units have their own rules and regulations, in actual work, a small number of leaders make all major policy decisions according to their own whims. The situation whereby leaders "can establish or nullify a law by a remark" badly needs to be changed. If we seize the current favorable fleeting opportunity of change toward rule by law, not only can we turn chaos into order and corruption into incorruptibility, but we can also pave a broad path for deepening reform and effecting an economic takeoff in the next stage. If we let slip the opportunity, not only will we find it difficult to achieve the anticipated results in "improving the economic environment and rectifying economic order" but we will also leave "hidden perils," in the days to come, in the development of the commodity economy and the building of democratic politics, which should be constantly "improved and rectified" and, moreover, we will even lose the golden opportunity given to us by the international economic structural readjustments. As one might well say, "don't let slip an opportunity; it may never come again."

Research Official on Rural Reform, Development
HK0602002089 Beijing LIAOWANG in Chinese
No 4, 23 Jan 89 pp 16-17

[Interview with Zhang Gengsheng, deputy director of the State Council's Rural Development Research Center, by Zhong Yan (6988 6056)]

[Text] Reporter: Since the 3d Plenary Session of the 11th CPC Central Committee breakthroughs in the rural economy have been made, particularly grain production has increased by a wide margin. This is universally acknowledged. The problem is that grain production has stagnated over the past 4 years, about which everybody is talking. Some people also hold that an agricultural crisis has emerged. How do you approach this problem?

Zhang Gengsheng: At present in analyzing the rural situation of our country, we must see how grain production is. Our country's grain production last year was slightly less than in 1987 and fluctuated around 800 billion jin for 4 consecutive years. In the same period population increased by some 50 million. This is a big problem that greatly merits attention. However, I do not

agree that an agricultural crisis has occurred. Production in a small number of regions last year really dropped more greatly and grain was in shorter supply but the per capita consumption of grain throughout the country did not change greatly and each person had only 1 to 2 less jin a month. We should, therefore, not be pessimistic and disappointed. We must believe in the Chinese nation's ability of choice. The CPC Central Committee and State Council have recently and definitely proposed that the production of grain, cotton, and oil not be curtailed but should be put in the primary place for vigorous development to increase the effective supply of farm produce. After the conference, a decision on striving for next year's bumper agricultural harvest was immediately issued. It can be said that the national conference on rural work will play a great part in pushing agricultural development forward.

Reporter: Some people are pessimistic about the stagnation of grain production and on the relatively great fluctuation of the production of cotton, oil, and pigs over the past years and consider that the staying power for agricultural production is seriously insufficient and great development is difficult. What is fact?

Zhang Gengsheng: Judging from the latest investigation and analysis conducted by departments concerned, the main grain-producing provinces, including Hunan, Hubei, Anhui, Jiangxi, and Heilongjiang, were hit by relatively great natural disasters last year but the weather throughout the country in autumn was better and production increased in more than 10 provinces in north, northwest, and northeast China. Production throughout the country dropped by only 2 percent or so while production in the United States, which was hit by natural disasters likewise last year, dropped by a big margin (about 30 percent). This shows that the agriculture of our country has a foundation. Why then did grain production stagnate for 4 years? What were the reasons? There was the effect of the natural disasters but it was mainly due to our work. There were questions of incorrectly analyzing the situation, improper policies and measures, and insufficient experience in developing commodity production. Judging from the situation in conveying and implementing the guidelines of the national conference on rural work in all places after the conference concluded, close attention of leaders at all levels, ranging from the central authorities to localities, has been drawn to the understanding of these questions.

Reporter: Practical experience proves that only by correctly handling relations between reform and development can we smoothly push economic construction forward. What is your view on the handling of the relations between rural reform and development over the past few years?

Zhang Gengsheng: In the 10 years of rural reform, one of the most important experiences is that as reform is integrated well with development, agricultural production can develop quickly. The great increase in grain

production from 1982 to 1984 explained this question. Reform has developed over the past few years but the input has been reduced. The result is poor. To strive for great development of agricultural production, we must, therefore, integrate reform very well with an increase in input. Only by doing so, can we get the desired result. It is because the output of grain of our country now is very uneven. Our whole country still has 700 to 800 million mu of low-yield and medium-yield farmland and so long as our policies are correct, the supply of the means of production, including chemical fertilizers, plastic sheets, and agricultural chemicals, gradually increases, and new science and technology is unremittingly popularized, output of grain can increase continuously.

Reporter: What problems do you think should be solved in the future in agricultural development before an increase in grain production can be further promoted?

Zhang Gengsheng: Comrade Zhao Ziyang said at the conference on rural work: We must rely on policies, science, and an increase in input. This is very clear and definite. In specific implementation, there are certainly many problems that need solution. For example, the vigorous increase in per-mu yield, development of new resources, and correct direction of consumption are all necessary. However, I think the most basic work is to enhance productive capacity. To understand this problem, it is essential to grasp two key links:

First, modern agricultural productive capacity is formed by the interaction of many factors. Specifically speaking, the system of modern agricultural comprehensive productive capacity must include the following several aspects: 1) The initiative of agricultural households and quality of management; 2) the development of the industries for agricultural use, such as chemical fertilizers and plastic sheets for agricultural use; 3) the construction of the parts of the infrastructure, including water conservancy; 4) research in and popularization of agricultural science and technology; 5) facilities for modern circulation and the processing of farm produce; and 6) government regulation and control and safety protection. Second, as the cycle for the enhancement of agricultural productive capacity is relatively long, it is necessary to make a start at an early date. Taking the cultivation of the high-yield variety of grain for an example, it generally takes 7 to 8 years to cultivate, experiment on, and popularize a good hybrid variety, and it takes 5 to 6 years or 7 to 8 years and even a long time to build a large or medium-sized water conservancy project or a large chemical fertilizer plant.

The fundamental motive force to enhance agricultural comprehensive productive capacity is peasants, but the government must create good conditions. Grain production increased by 100 billion jin in our country in 1982, 1983, and 1984 and the main reason was that the system that contracted responsibilities on the household basis with remuneration linked to output was implemented, the initiative of peasants was aroused, and productive

capacity that accumulated for the past 30 years was released. In the 4 years since 1985 two kinds of situations have emerged in all provinces: One is that some provinces have increased input of new materials and technology; production has shifted to a path of regular increase; and, although the range has not been so big, production has continuously developed. Another one is that input has not increased, productive capacity has not been further enhanced, and production has, therefore, stagnated and even dropped. We can see that it is imperative to enhance the grain productive capacity of our country from the level of 800 billion jin to a new level and the further development of grain production can be guaranteed only in doing so.

Reporter: What are the peasants' current urgent demands in grain production?

Zhang Gengsheng: In the matter of grain production, the peasants generally have opinions on these two circumstances: 1) The prices of the means of production, including chemical fertilizers, plastic sheets for agricultural use, and agricultural chemicals, have gone up too much and their supply has been insufficient; 2) the prices of buying grain by order have been relatively low and the comparable economic results in the cultivation of grain has been low. The CPC Central Committee and State Council understand the peasants' opinions and have vigorously adopted measures all along. Over the past 2 years the State Council has paid great attention to the increase in chemical fertilizer production. The production of chemical fertilizers increases by several million tons each year. Last year's output was some 10 million tons more than in 1984. A large number of chemical fertilizer plants have been recently built or expanded and great efforts are made to enhance productive capacity. Of course, it must take a longer time to satisfy the demands. To solve the question of the excessive rise of the chemical fertilizer prices, it has now been decided that the chemical fertilizers would be exclusively managed by the supply and marketing cooperatives throughout the country to improve supply and to prevent the fluctuation of their prices. In addition, several methods should also be adopted to increase the income of the peasants that produce grain: 1) It is necessary to suitably increase the amount of chemical fertilizers sold to peasants who sell grain by contract to cooperatives; 2) peasants are allowed to sell their grain at the agricultural trade market to increase their income and to make up for the increase in the production cost after they have completed their task of selling grain to the state by contract. This policy has remained unchanged; 3) other burdens of grain outside the task of selling grain to the state by contract are to be canceled. The state will make every effort to increase the income of the peasants that produce grain to encourage them to increase grain production. So far as the peasants are concerned, the 10 years of reform have benefited them. It is their bounden duty to the state and it is also beneficial to rural reform in future to complete the task of selling a certain amount

of grain to the state by contract. In recent years departments concerned of the CPC Central Committee and State Council and local government have paid great attention to listening to the voice of the peasants in various forms and applied economic and administrative measures to help peasants resolve all difficulties in the course of production and management. I think the peasants will understand the difficulties of the state and are willing to cooperate with the government to resolve these difficulties.

Reporter: Over the past 2 years some differing views have developed on the system of contracted responsibilities on the household basis with remuneration linked to output. How do you approach this problem?

Zhang Gengsheng: The implementation of the system of contracted responsibilities on the household basis with remuneration linked to output in the rural areas of our country has played an important part in agricultural production, especially grain production. Nobody can deny this. Judging from the level of the present rural productive forces of our country, it is suitable to implement the system with household management as the main feature. It is, therefore, essential to stabilize and perfect it and to solve the existing questions so as to promote the development of the productive forces even more. We must not alter the system at will to prevent new ideological confusion. The majority of the places throughout our country must do it this way. Regarding some coastal economically developed regions, the suburbs of large cities, and industrial and mining areas, due to the fact that the majority of productive forces have shifted to the secondary and tertiary industries, that many people are unwilling to engage in agricultural production by contract, and that more capital accumulations have been invested in agricultural mechanization, it is advantageous to the development of the productive forces to carry out operation on a moderate scale in these places on which the masses agree. Vigorous support and assistance must be given to them. However, we must not take the old road of "stirring up the communist wind" and eating from the same big pot to sabotage the productive forces.

It is imperative to develop operation on a moderate scale in animal husbandry. On the one hand, the amount of meat consumed in the cities has unremittingly increased and if the number of livestock raised by only one household is relied on, the market demand cannot be satisfied. It is essential to develop operation on a large scale to increase supply. This is a successful road that the economically developed countries in the world have taken. On the other hand, our country has already had the conditions for developing operation on a large scale: Many provinces have had a modern feed industry on a fairly large scale and initially established the system of supplying mixed feed; the majority of counties and some townships, towns, and villages have set up fine cultivation breeding farms; the forces of veterinary and disease prevention technology have developed; and a small

number of places have carried out a seriation operation on a trial basis under the integrated system for the procurement of supplies, production, and marketing and acquired successful experience. Therefore, the suburbs of the cities, industrial and mining areas, and townships and towns with transport facilities that have relatively good conditions must make efforts to develop the breeding trade on a fairly large scale. However, we must proceed from the realities of all places, gradually expand the scale, and avoid making the past mistakes of rash development.

Qiao Shi Addresses Party-Building Seminar
OW0402020189 Beijing XINHUA Domestic Service
in Chinese 1348 GMT 2 Feb 89

["Local Broadcast News Service;" by RENMIN RIBAO reporter Yin Pinduan and XINHUA reporter Sun Benyao]

[Text] Beijing, 2 Feb (XINHUA)—At a central party-building seminar that closed today, Qiao Shi, member of the Standing Committee of the Political Bureau of the CPC Central Committee and head of the Party-Building Group of the CPC Central Committee, said that party construction in the new era should be closely linked to the party's basic line and centered on the task of building the party into a strong core for leading the socialist modernization drive.

Discussing the guiding principles of party-building, Qiao Shi pointed out: Party construction and the study of party construction in the new period must be closely linked to the party's basic line. He said: In grasping the intrinsic relation between party-building and the basic line, it is necessary to pay attention to the following three aspects: 1) We must build up the party organizationally, maintain high party standards, and improve the quality of party members according to requirements set out in the basic line. Work in all areas of party-building, including promoting and training cadres, appointing leading bodies, constructing grass-roots organizations, educating and recruiting party members, and enforcing party discipline, must conform with and serve the basic line. 2) Party-building must be carried out in close coordination with the implementation of the basic line. In other words, we must organize and mobilize party organizations at all levels and the large numbers of party members and cadres to make their due contributions to the basic line. 3) We must evaluate the work of a party organization according to its actual results in implementing the basic line, that is, according to the criterion of practice. In general, a job well done in party-building can produce fruitful results in the construction of material and spiritual civilization and can enhance the party's prestige. Conversely, failure to effectively carry out the basic line or deviation in a certain aspect is an indication of pressing problems in party organizations.

Qiao Shi Celebrates Spring Festival in Liaoning
SK0602045189 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 5 Feb 89

[Text] Qiao Shi, member of the CPC Central Standing Committee, secretary of the Secretariat of the CPC Central Committee, and secretary of the Central Discipline Inspection Commission, inspected the work of Dalian City in Liaoning Province and spent the Spring Festival with the cadres and the people of Dalian City.

Since 2 February Comrade Qiao Shi has visited the Dalian shipyard, the Dalian rolling stock plant, the (?district) of Dalian City, the north pier of Heshang Island, and the [words indistinct] of Lushun Harbor and gone to the forefront of production to extend festive greetings to the staff members and workers who were working on the holiday. He was accompanied by Sun Qi, deputy secretary of the provincial party committee; Gao Zi, secretary of the provincial Discipline Inspection Commission; Bi Xizhen, secretary of the Dalian City party committee; and Wei Fuhai, mayor of Dalian City.

During his visit to the Dalian shipyard, after hearing the report given by the shipyard personnel on their tremendous achievements, Qiao Shi told the leading personnel of the shipyard that one should always make persistent efforts to reach a new standard.

During his visit to the Dalian rolling stock plant, when he had discovered an old worker who attempted to shake hands with him, Qiao Shi rushed to step forward to shake hands with the worker and wished him a happy Spring Festival and his family members happiness. The workers told Comrade Qiao Shi what they wished. After earnestly hearing the workers' viewpoints and opinions, Qiao Shi stated: The Chinese working class has made great contributions and the central authorities appreciate your painstaking labor.

During his visit to the Dalian Economic Development Zone, Comrade Qiao Shi stated: The direction of establishing economic development zones is correct. By no means should we lose our confidence in the work when we have encountered difficulties which have occurred while improving the environment and rectifying order. We have difficulties at present and will have them in the future. The central authorities have been unwavering in upholding the principle of opening to the outside world and the strategy of developing the coastal economy. Units from top to bottom should adopt measures in various fields when they encounter difficulties. We will gradually and eventually overcome these difficulties. Only by being fully confident in this regard will we have hopes and the future.

On the morning of 5 February, Comrade Qiao Shi received the leading comrades of Dalian City. That afternoon, the leading comrades of the provincial level

organs, including Quan Shuren, secretary of the provincial party committee, sponsored a forum with Comrade Qiao Shi on reporting the province's work.

Attends Dalian Festival Soiree

SK0402034189 Shenyang Liaoning Provincial Service
in Mandarin 1030 GMT 3 Feb 89

[Text] On the evening of 2 February, Dalian City held a Spring Festival soiree for ideological and political workers.

Qiao Shi, Standing Committee member of the Political Bureau and member of the Secretariat under the CPC Central Committee; Sun Qi, deputy secretary of the provincial party committee; Gao Zi, secretary of the provincial Discipline Inspection Commission; Bi Xizhen, secretary of the Dalian City party committee; and Wei Fuhai, mayor of Dalian City, attended the soiree. They extended greetings and lofty respect to the ideological and political workers on all fronts in Dalian City.

More than 1,000 ideological and political workers participated in the soiree.

Hu Qili, Li Tieying Attend Festival Rehearsal

OW0302223389 Beijing XINHUA in English
1604 GMT 3 Feb 89

[Text] Beijing, February 3 (XINHUA)—Senior party and state leaders visited the China Central Television Station here today to greet CCTV staff and artists at the last rehearsal of their Lunar New Year Eve TV program.

Hu Qili, Li Tieying and Rui Xingwen wished them a merry Spring Festival on behalf of TV audiences all over the country.

The CCTV Lunar New Year Evening Party is the best known TV program of the year. It will have a potential audience of 600 million Chinese when it is presented on February 5th.

CCTV staff started to prepare for the party last August.

Zhao An and Zhang Xiaohai, the young directors of the party, told Hu and other senior officials that after six months' hard work the four-hour program of songs and dances, drama pieces and music is ready to be shown.

Hu said their diligent work would certainly bring happiness to people all over the country and be appreciated by hundreds of millions of Chinese TV viewers.

On the eve of the Spring Festival the comedians Chen Paisi and Zhu Shimao will present their third hilarious performance. Leading cross-talk performers Ma Ji, Jiang Kun, Tang Jiezhong, Liu Wei, Xiao Lin and Li Guosheng will add to the fun.

Viewers will be able to enjoy the contributions of the pop singers Wei Wei, Chen Rujia and Hu Yue and vocalists Peng Liyuan and Guan Mucun, and admire the variety dances of Chinese ethnic groups.

Hong Kong and Taiwan pop singers are expected to join the party.

CCTV staff will add comic moments to the program by interspersing items with film fragments.

While preparing the Lunar New Year program for the home audience, CCTV has not forgotten the foreigners who will be in China during the Spring Festival. The Evening Party will be televised live in English by the CCTV English service.

Xu Xiongxiang, who is in charge of the CCTV English service, told XINHUA that CCTV will include in the English version items specially prepared for foreign audiences, such as magic and vocal mimicry.

The English service will introduce foreign viewers to such Spring Festival customs as making dumplings and exploding firecrackers.

The CCTV will send video tapes of the party by air to up to 100 foreign countries so that Chinese working and studying overseas will see it as soon as possible.

Li Ximing Stresses Army, Civilian Unity

HK0402055589 Beijing RENMIN RIBAO in Chinese
1 Feb 89 p 4

[Dispatch by reporter Zhang Shuzheng (1728 2579 2398): "Li Ximing, Yang Baibing And Other Leaders Attend Army, Government Forum in Beijing"]

[Text] Beijing, 31 Jan—This afternoon Beijing municipality and 14 PLA units stationed in Beijing, including the General Staff Headquarters, General Political Department, General Logistics Department, and so on held an Army-government forum in the Beijing Room of the Great Hall of the People.

In an extremely harmonious atmosphere, the participating Army and government leaders spoke glowingly of the close relations between the PLA units stationed in Beijing and civilians, which are as inseparable as fish and water. In 1988, the PLA units stationed in Beijing supported the Asian Games construction projects, and the production of local people totalling 320,000 working days, and planted 110,000 trees to make the capital green and beautiful. They share local difficulties in financial resources, and goods and material supplies. Many regiments, battalions, and companies have built their own vegetable gardens, pig farms, chicken farms and fish ponds. A certain armored unit stationed in Changping county helped peasants in a poor mountain area in the county with science and technology to get rich, and the

unit was praised by the masses. Last year Beijing municipality extensively carried out the activities of increasing production and practicing economy to ensure material supplies for the PLA units, organs, and officers and fighters. Beijing municipality also made good arrangements for a group of demobilized servicemen within 7 days. This set a good example for the whole country. Leaders at all levels in Beijing municipality have paid close attention to some friction between the Army and civilians, which occurs rarely. They take prompt measures to properly solve the problem.

At the meeting, Li Ximing, secretary of Beijing Municipal CPC Committee, pointed out: Under the new situation of reform and opening up, the Army and the local government, and local government in particular, should take the situation as a whole into consideration, and attach importance to unity to improve the relation between the Army and government on the one hand, and between the Army and civilians on the other. General Yang Baibing, member of the Central Military Commission, and Director of General Political Department said: The General Political Department is considering the problem of letting PLA units do well their work among the local masses for a considerably long peacetime period. In the process of reform, opening up, and developing commodity economy, the work of the PLA units among the masses should be focused on providing more practical services, and supporting local economic construction. At present, efforts must be made to administer the Army and enforce discipline seriously. The Army must observe local laws and regulations, take the interest of the whole into account, overcome difficulties, and share the cares and burdens of the country, people and the party.

Beijing Mayor Chen Xitong added in: Some local units or individuals overcharged PLA units. There were even more serious incidents of disrespecting PLA units. Local government must handle these cases seriously.

Xi Zhongxun At Xian Festival Gathering
HK0402052389 Xian Shaanxi Provincial Service
in Mandarin 0030 GMT 4 Feb 89

[Excerpts] The provincial Advisory Commission held a spring festival gathering yesterday afternoon. NPC Standing Committee Vice Chairman Xi Zhongxun attended the function and made a speech. [passage omitted]

He said: You are all precious treasures of the party. In the past you worked hard in the first line and now you should also display zeal in the second line and continue to contribute to the party and people. In the past we were faced with many difficulties when carrying out revolution, but we broke through all of them. We are facing many difficulties in construction and reform today, and we must persevere. We must have firm faith that final victory will be ours.

He said: It is 38 years since I spent the Spring Festival in Shaanxi. I am very happy to return to Xian for the festival this year. He sincerely wished the veteran comrades a happy spring festival and a healthy and long life. [passage omitted]

Yan Mingfu Addresses Minority Festival Party
OW0402233789 Beijing Domestic Service in Mandarin
1030 GMT 2 Feb 89

[Text] Addressing a Spring Festival party for national minority people in the capital this afternoon, Yan Mingfu, member of the Secretariat of the CPC Central Committee and director of the United Front Work Department of the CPC Central Committee, said: Safeguarding the unification of the motherland, consolidating equality and unity among the nationalities, and promoting common prosperity among them are important matters concerning the destiny of the nation.

He said: The nationality issue is a long-term issue. Following the strengthening of reforms and the development of the national economy, new situations and new problems have emerged in the relations among nationalities. In the course of advancing together, uneven cultural and economic development has continued to expand in different areas inhabited by different nationalities. This situation shows that during the period of reform and construction, there is more work, not less, to do concerning nationalities.

Yan Mingfu expressed the hope that people of all nationalities would rally around the party Central Committee, work with one heart and one mind, and make contributions to achieving a socialist nationality relationship of equality, unity, love, and mutual aid in the new year.

Ismail Amat, vice chairman of the CPPCC National Committee and chairman of the State Nationalities Commission, presided over the gala party. On behalf of the commission, he extended Spring Festival greetings to all nationalities and people throughout the country, wishing them happy New Year.

Leading Comrades Seypidin Aizezi, Liao Hansheng, Fei Xiaotong, as well as responsible persons of departments concerned, and noted minority personages in Beijing, totalling more than 400, attended the party.

Minority song and dance programs were presented by the capital's literary and art workers.

Peng Zhen Inspects Zhuhai Festival Markets
HK0402045789 Guangzhou Guangdong Provincial
Service in Mandarin 0400 GMT 4 Feb 89

[Text] Yesterday afternoon Comrade Peng Zhen inspected the Chaoyang and Gongbei markets in Zhuhai City, accompanied by Song Zhiying, member of the Standing Committee of the Guangdong Provincial CPC

Committee and secretary of its political and legal commission, and Liang Guangda, secretary of the Zhuhai City CPC Committee and mayor.

The Zhuhai markets presented a scene of prosperity on the eve of the Spring Festival. Comrade Peng Zhen expressed great satisfaction at the sight. He asked for details about the vegetable, meat, fruit, poultry, and seafood prices.

Comrade Peng Zhen said: The entire economic issue can be seen from the market issue. The prices in the Zhuhai markets are not high and there is a full range of high-quality commodities. Market management is also good.

He said: The market issue is the first issue in the people's daily life. The leaders at all levels must get a very good grasp of the food basket.

Celebrates Spring Festival in Zhuhai
HK0602021189 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 5 Feb 89

[Excerpt] On the evening of 4 February, Comrades Peng Zhen, Wang Zhen, Wang Shoudao, and Ye Xuanping celebrated the Spring Festival at a gathering of people of various sectors in Zhuhai City. Also present were Song Zhiying, member of the Standing Committee of the provincial party committee, Vice Governor Ling Botang, and Zhuhai City CPC Committee Secretary and Mayor Liang Guangda. [passage omitted]

Chen Yun, Others Attend Spring Festival Party
OW0502144889 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 3 Feb 89

[Text] Chen Yun and Jiang Hua, respectively chairman and Standing Committee member of the Central Advisory Commission, and responsible comrades of Zhejiang and Hangzhou party, government, and military organs attended a Spring Festival gala party in Hangzhou this morning to celebrate the New Year.

Tie Ying and Li Fengping, members of the Central Advisory Commission, attended the gala party.

Responsible comrades of the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress Standing Committee, the provincial government, the provincial CPPCC Committee, the provincial Military District as well as the Hangzhou City party committee and government attending the gala party were Li Zemin, Shen Zulun, Ge Hongsheng, Chen Fawen, Luo Dong, Xu Xingguan, Xu Yongqing, Wu Renyuan, Xia Zhonglie, Xue Ju, Chen Anyu, Wang Zhonglu, Li Debao, Chai Songyue, Shang Jingcai, and (Lu Wenge).

At the gala party, folk artists performed outstanding programs of storytelling and ballad singing in Suzhou dialect.

Solar Energy Developed in Remote Areas
HK0402053289 Beijing CHINA DAILY in English 4 Feb 89 p 2

[By staff reporter Xu Yuanchao]

[Text] Solar power is being developed to meet the increasing demand for electricity in China's remote rural areas and forest farms where the national power grid cannot reach.

China's utilization of solar energy is one of the research priorities in the current five-year plan, said Jiang Xinian, director of the Beijing Solar Energy Research Institute.

He told CHINA DAILY yesterday that his institute would participate in bidding for a project to supply solar power to a dozen watchtowers in the forest farms in Southwest China's Yunnan Province. The project would enable observers to report fires quickly.

The Ministry of Forestry will allocate about 5 million yuan to the fight against forest fires in Yunnan. Some of these funds will be used for the power supply to communication facilities.

"A trial of this system proved effective in a forest farm of northeastern Jilin Province between March and September last year," Jiang said.

Solar Cells

The Beijing-based institute supplied two sets of solar cells to watchtowers on the forest farm in the Changbai Mountains, Jilin, the country's major producer of ginseng.

"We will make the solar cells to link with the fire alarm and monitoring system so that the system will have enough power to automatically scan every 10 minutes," he said.

Although the project to use solar energy for power was at a preliminary stage, he said, some rural residents have begun to benefit from a pilot project.

A solar energy station equipped with 16 sets of solar cells was set up two years ago at the village of Caoduogou in Fuping County, Hebei Province. The station has a total capacity of 335 watts. It is now supplying electricity to two small mountain villages of 51 households for lighting, cooking and television, the director said.

Rural residents in Inner Mongolia and Qinghai Province have also begun to use solar energy as power for lighting, radio and television.

Rich Resources

China's solar energy resources are rich, particularly in Qinghai, Gansu, Liaoning, Hebei and Shaanxi provinces as well as in the Xinjiang Uygur, Ningxia Hui, Tibet and Inner Mongolia Autonomous Regions, where the sun shines for 2,600 to 3,000 hours a year.

China's utilization of solar energy now includes power generation and heat collection.

The institute, which imported \$550,000 worth of solar energy technology and equipment from Canada two years ago, has become the country's largest solar panel producer. It produces annually 100,000 square metres of solar panels, some of which have been exported to Asian and Europe. Last year the institute earned \$200,000 from its exports.

The institute has also developed Sunstrip, a new solar water heater which has been accepted by many factories and been put into mass production.

"Our products have entered the doors of thousands of families," Jiang said.

A project undertaken by the institute and funded by the United Nations Development Programme has entered into its final stage and will produce heat pipe vacuum tube collectors in the second half of this year.

The collector, part of a solar water heater, will be used to heat water to 150 degrees, he said.

The Sun Advanced Technology Corporation has been set up at the institute to develop new technology, and to produce and sell new products. The company produced about 5,000 solar energy stoves last year.

Army Paper Urges Higher Morals Among Cadres *HK0402045789 Beijing JIEFANGJUN BAO in Chinese 26 Jan 89 p 3*

[Article by Fu Quanyou (0265 0356 2589): "High- and Middle-Ranking Cadres Should Pay Attention To Improving Their Ideological and Moral Quality"]

[Text] How to maintain uprightness and honesty in one's official capacity is a problem of primary importance in the strict ruling of the party. It is also an important element in strengthening the establishment of the party in a new historical era. Here is one very important item: Improving the ideological and moral quality of high- and middle-ranking cadres.

All high- and middle-ranking cadres hold certain powers in their hands. To persons with fine ideological and moral quality, power is an instrument at the service of people and the party and one functioning for the construction of the Army. To persons devoid of ideological and moral quality it corrupts. The greater the power the

deeper it corrupts. Owing to historical need, some cadres in the Army cadre force have been promoted faster than normal in the process of the "four modernizations." However promotion of office does not thereby signify an immediate improvement in ideological and moral quality. And in some cadres there is often a gap between their ideological and moral quality and that demanded by their office. Now it is extremely important for a high- and middle-ranking cadre to be able to perceive the gap. For only when he does so, and does this in a clear-minded manner, can he strengthen and raise the self-awareness and sense of urgency of his own ideological and moral quality. Otherwise he will only indulge in self-flattery and, in a complacent mood, he commits mistakes. Speaking of the problem of high- and middle-ranking cadres committing mistakes, Vice Chairman of the Central Military Commission Yang Shangkun made this sharp criticism: "Some young cadres forget their family names once becoming an official." This sharp remark should be enough to get our serious attention.

Some cadres consider that the chief way to maintain honesty and uprightness should be the building of a system. True, it is necessary for the maintenance of cadre honesty and uprightness to build and perfect a system. A good system can restrain the evil trend of extravagance and greed, and help unfold the just spirit of uprightness and observance of rules. In a certain sense the building and perfection of an essential system to make high- and middle-ranking cadres stay upright and honest is a fundamental method. However such a method calls for much arduous and detailed work and cannot be achieved in one try. Meanwhile if high- and middle-ranking cadres would like to stay upright and honest, then under the current imperfect system it becomes extremely important that the cadres themselves work to improve their own ideological and moral quality. If, instead, a cadre holds a wait-and-see-until-the-system-is-perfect attitude, and thus slackens the work of improving one's ideological and moral quality, he is likely to suffer a tumble on money, fame, or women. Why is it that being under the same present system some high- and middle-ranking cadres can manage to stay upright and honest while some fall into mistakes or have even committed crimes? Herein lies the difference. It should also be seen that systems are manned by persons, in particular, by high- and middle-ranking cadres. It takes cadres equipped with good ideological and moral quality to make a system, even a good one, run. Without an improvement in one's ideological and moral quality even a far better system will be ignored and personnel in it will continue with their own doings or, worse, rack their brains to take advantage of its loopholes. For instance, concerning the phenomenon of footing the bills of parties and gifts by public funds, the central authorities—Central Military Commission and General Staff Headquarters—have successively and many times made directives, notices, or regulations to strictly forbid such acts. But some cadres make up excuses and slyly cover up the acts by many names, with the result that the fad of throwing parties and sending gifts rages on despite repeated injunctions.

Obviously low ideological and moral quality among some of the cadres has a direct bearing on such a phenomenon.

Again some cadres might argue that so long as various supervisory measures are implemented the problem of maintaining uprightness is solved, while ideological and moral quality can be improved slowly. There is a point in this statement, though the point does not cover the whole picture. It is of course extremely necessary for the continual uprightness and honesty of cadres to practice strict supervision. Without strict supervision some of the high- and middle-ranking cadres will just let themselves go and, unable to hold themselves when tempted by money, fame or women, consciously or unconsciously commit mistakes. At present, whether it is disciplinary or organizational supervision, or democratic or public opinion supervision, not one is carried out forcefully enough. They need to be strengthened in a practical manner. However supervision cannot function everywhere and all the time. So even if there is strict supervision, the strengthening of one's self-reflective power to strictly discipline oneself and efforts to raise one's ideological and moral quality will still be required. Only then can a high- or middle-ranking cadre "exercise caution" and not engage in any wrongdoing even "when no one is around," and also even in independent work which is supervised by no one. Thus viewed, the strictest and most effective supervision is self-supervision practiced self-consciously as a result of fine ideological and moral quality. It should also be seen that only when these high- and middle-ranking cadres make an effort to raise their ideological and moral quality can they consciously obey supervision and play an exemplary function in keeping uprightness and honesty. Some of the high- and middle-ranking cadres' ideological and moral quality is not high enough and they contract the corrupt "exhort while you may and go on with my way while I can" manner, always thinking that the statement of "keeping up honesty" is for others' consumption, not a guideline for him to follow. So the urge of "keeping up uprightness and honesty" is turned into a wholly decorative and fashionable slogan. This shows that only when they really work to improve their ideological and moral quality, firmly revert that bad trend of words contradicting deeds and contents in contrast of surface, will they become an upright and honest example in administrative affairs, and make uprightness a major influence in units led by them.

To raise their ideological and moral quality, high- and middle-ranking cadres must learn well, and honestly take themselves as one to receive education. According to the typical character of the Army, the major contents of ideological and moral quality are the ideals, faith, and morality of communism; patriotism and national dignity and pride; self-restraint; observance of rules and a readiness to sacrifice; arduous struggle; heroic and strong styles; the concept of obedience of orders and discipline; and so on. To raise ideological and moral quality, it is necessary to persist in conducting education in revolutionary idea, morality, and discipline. In this education, high- and middle-ranking cadres should consciously

place themselves in a position that receives education. There must not be any exception. High- and middle-ranking cadres possess all the normal human attributes. They also have passions and desires. Only by consciously receiving the education of ideals, morality and discipline are they able to curb and eliminate inappropriate desires. It is precisely because some high- and middle-ranking cadres cannot place themselves in a role of recipient of education in ideals, morality, and discipline that unhealthy ideas brew in their hearts, their selfish desires expand, and justice is forgotten at the sight of wealth. When they catch sight of money or materials their hearts are roused and their hands are itchy to reach out for them. So they are willing to exploit the powers entrusted to them by the party and people to grab openly or pilfer, and fill their own coffers. These are all lessons to be taken as warnings and abstained from.

Many PLA Hospitals Open to Civilian Patients

OW0602050989 Beijing XINHUA in English
0825 GMT 5 Feb 89

[Text] Beijing, February 5 (XINHUA)—More than 200 army hospitals have received millions of civilian patients in the past few years, XINHUA learned here today.

These patients account for two-thirds of the total number of out- and in-patients treated by these hospitals, according to the General Logistics Department of the Chinese People's Liberation Army.

Army hospitals treated only active servicemen before. The opening of Army hospitals to society has greatly reduced the pressure of ordinary hospitals which are facing a shortage of medical personnel and facilities.

The great number of civilian patients treated by the Army hospitals means that the localities are spared of the need to set up 170 new hospitals with 300 beds each, a ranking officer in the department said.

China's Army hospitals have over 100,000 medical personnel, and many are reputed for curing patients with 100 percent burns; successful jointing of 10 completely severed fingers; killing cancer cells with qigong, a deep breathing exercise; and kidney transplanting operations with patients surviving 10 years.

"Well-Known Doctors in the Army", a newly-published book, gives an introduction to more than 700 doctors and 200 army hospitals.

January Industrial Output Figures Down Sharply

OW0602051189 Beijing XINHUA in English
0747 GMT 5 Feb 89

[Text] Beijing, February 5 (XINHUA)—The first month of 1989 saw a sharp decrease in China's industrial output owing to the nationwide austerity program, a Chinese Government official said here today.

A spokesman for the State Statistics Bureau told XINHUA that the average daily industrial output in the country was 3.25 billion yuan in January, dropping by 10.9 percent as compared with last December.

He said the figure indicates that initial results had been gained in cooling down the overheated economy and the industrial growth was contained within 10 percent as envisaged.

According to the bureau, total industrial output reached 97.4 billion yuan in January, up 8.2 percent from the figure for the first month of 1988, of which light industry was up 7.9 percent and heavy industry up 8.4 percent.

Last year, the industry registered an increase of 20.7 percent.

The spokesman cautioned the industrial departments to watch closely new problems arising from the changing structure of industry although the growth is slowing down.

The rural industry garnered a total output of 12.3 billion yuan in January, a quarter more than last December, whereas the state-owned enterprises, to which priority should be given, only gained a 3.7 percent rise in production.

The spokesman said that was no good to increasing economic results of the industry as a whole or to ensuring sufficient supply and financial revenue.

Production of color TV, refrigerators, washing machines, electric fans, and other household appliances kept growing.

But, production decreased of ordinary daily products such as yarn, cloth, woolen goods, silk, and aluminium products, dropped by 20 percent.

In the heavy industry sector, production of energy, steel, and raw materials dropped slightly.

The spokesman noted cutback on the above industries will pose a threat to industrial development in the next few months.

For this, the bureau urged industrial departments to pay greater attention to readjusting industrial structure under the current austerity program. Priority should be given to state-owned enterprises rather than rural industry.

LIAOWANG Views Industrial Policy

HK0402054389 Beijing LIAOWANG in Chinese No 4, 23 Jan 89 p 3

[Article by Zhou Lin (0719 2651): "Drawing Up and Implementing an Industrial Policy To Promote the Coordinated Development of the National Economy"]

[Text] It is necessary to work out an industrial policy in a scientific way so that the order of development of various industries in the economic operation as a whole can be defined, so that a good arrangement can be made in the relationship between production, supply, and marketing in light of the limited resources and in order of importance and urgency, and so that effective supply can be increased to mitigate the contradictions between general supply and general demand. This is a matter of great importance.

Generally speaking, after 10 years of reform and opening up, things are taking a turn for the better in our country in readjusting the industrial setup, improving industrial organizations, and promoting the progress of industrial technology. But there are also some problems. The main problem at present is that the development of production in some basic fields, such as agriculture, communications, energy, and raw materials production, and the production of basic facilities has lagged far behind. On the one hand, demand is much greater than supply; but on the other, a considerably large part of the productive forces has not been brought into play. In addition, due to the high-speed industrial growth (especially the growth of the processing industry) over the past few years, investment in the processing industry has constantly increased and the gap between the processing industry and the basic industries has widened. Very little progress has been made in agricultural production over the past 4 years, resulting in the short supply of raw materials for light industry. Quite a few enterprises producing consumer commodities that are in short supply have encountered difficulties. Transportation is inconvenient. Passengers find it difficult to get train tickets, and large quantities of commodities are waiting to be transported. All this has affected the normal operation of production and the people's daily life. In electrical power production, even if power generating sets have been installed, there is not sufficient coal for production due to poor transportation. Although the production and import of raw materials have both increased, they still cannot satisfy the needs of various departments. The industrial setup in many areas is irrational and there is no quick access to market information. The trend of duplicate import, duplicate construction, and blind production exists widely in many areas and spheres, resulting in a serious waste of social resources.

There are many reasons for these problems: Some are in history and structure and some in our work and recognition. There are also reasons in the disproportionate industrial setup and the disorder in industrial development in certain fields. To solve these contradictions,

both time and efforts are needed. However, in order to make our work advance toward an orientation of rationalizing the industrial setup rather than expanding the contradictions, we must start doing it right away. While improving the economic environment and rectifying the economic order in the next 2 years, it is necessary to greatly reduce the supply of funds, reduce the speed of industrial development, and readjust the export structure. Under such a situation, in order to avoid a situation where the dislocations in structure are further expanded and prevent the shrinkage of production, and in order to ensure the normal development of international cooperation, it is necessary to study and work out as soon as possible a scientific industrial policy so that people may understand what they should support and encourage, and what they should restrict and oppose.

Industrial policy is a policy for the government to intervene in the economic structure. Its basic function is to set an orientation and target for the development of various industries (including the industries in the agricultural and industrial sectors and various other sectors of the national economy) with respect to structure, organization, and technology, and to harmonize the proportions and speed of development of various industries so as to ensure the rational distribution, technological progress, and healthy development of the large, medium, and small enterprises in various industries in accordance with the principle of optimizing the national economy in an all-around way. In the current stage, industrial policy will be able to effectively make up the deficiencies and shortcomings of the market mechanism in our country.

Over the past year or so, with the rapid development of the commodity economy, extra-planning economic activities have also increased. How do we make state planning cover all economic activities in our society? Obviously, the original management methods are unreasonable and unrealistic. However, the industrial policy for harmonizing various indirect regulatory means, will play a role of macroeconomic regulation over both in-planning and extra-planning economic activities. Many successful experiences of other countries tell us that in the macroeconomic field, an industrial policy can help us develop the national economy in a planned way, while in the microeconomic field, it can promote the rational flow of the major productive elements by actively guiding and intervening in the affairs of enterprises. Therefore, it is an important means of the state to exert influence on and to regulate the market and a measure to promote the development of the market.

Studying and working out an industrial policy to ensure the development of various industries in good order is conducive to increasing the overall economic returns of the allocation of resources. This is because there will be comparatively definite provisions in a scientific industrial policy on the development of various industries according to priority in different areas so as to reflect the principle of combining the regional division of work of

different industries with the division of work among specialized departments in the same industrial area, in other words, to make clear what industries should be first developed in certain areas and what kind of division of work should be made by the major industries of certain areas with the specialized departments of other areas. Thus, all areas will be able to give play to their superiority and make full use of their original investments. Meanwhile, various areas may also gradually establish a proper proportion among various industries and among the large, medium, and small enterprises on this basis and establish a system of large-scale and socialized production on the basis of division of work among various specialized departments so as to strengthen the ability of effective supply.

Studying and working out an industrial policy is also conducive to improving the functions of the planning and management departments. It is unscientific and unreasonable for the government to carry out unified management over all kinds of economic activities. To change this situation, it is necessary to reduce or even to eliminate the intervention by government leaders in concrete economic activities and strengthen coordination between various economic administration departments. The industrial policy is an important means for strengthening this coordination. All means for indirect control, such as price, financial, monetary, tax, foreign trade, and foreign exchange policies, form a coordinated and comprehensive entity and play the same role. The government's work of either supporting the industries that should be developed before the others, or restricting the development of those that should be controlled, is realized through implementing these regulation and control policies. In this way, the blind allocation of resources among various industries and regions can be effectively avoided and the harmonious development of various industries and regions can be promoted.

A scientific and reasonable industrial policy is also a relatively stable policy. International experiences show that a main reason affecting the economic development in many developing countries is that their policies are often changeable. In the course of reform, as many economic policies have been worked out for experiment and are often changed, it is difficult to achieve substantial results. Only when space and time are ensured for various industries to enter market competition can we achieve high economic returns from the allocation of resources.

To sum up, to work out and implement an industrial policy has become the key to further deepening reform and a need of strengthening macroeconomic regulation and control. Therefore, it is necessary to study and work out an industrial policy as soon as possible so as to promote the harmonious development of the national economy.

State Council Approves Companies' Reregistration
OW0302120089 Beijing XINHUA in English
1104 GMT 3 Feb 89

[Excerpt] Beijing, February 3 (XINHUA)—Today's economic news briefs:

Companies to be re-registered [subhead]

The State Administration of Industry and Commerce has decided to re-register all companies from February 15 to June 30, which are required to operate in accordance with government regulations and principles. The move has the approval of the State Council, China's highest governing body. [passage omitted]

State Purchases Fewer Farm Products
OW0302115889 Beijing XINHUA in English
1102 GMT 3 Feb 89

[Text] Beijing, February 3 (XINHUA)—The decreased farm output in 1988 has led to a drop in state purchasing of farm products, and this will make it hard for the government to control the retail prices of such products this year, according to today's ECONOMIC DAILY.

In 1988 state commercial departments purchased 130.67 billion yuan-worth of farm and sideline products, three percent down on the 1987 figure, the paper reported. The proportion of farm products purchased by state and collective cooperatives has decreased from 77.7 percent to 76.3 percent.

The paper said that the rest of the farm products were purchased through other channels, including the private sector, which will re-sell the products at higher prices.

According to the paper, last year the state purchase of grain totalled 81.85 million tons, down 2.3 percent from the 1987 figure; edible oil totalled 2.16 million tons, down 22.5 percent; cotton totalled 3.32 million tons, down 9.3 percent; live pigs totalled 69.15 million head, down 15.7 percent, and eggs totalled 646,000 tons, down 6.1 percent.

But, according to an earlier report, the state has enough grain reserves to stabilize the market.

Reversing Declining Cotton Production Urged
HK0402083189 Beijing JINGJI RIBAO
in Chinese 13 Jan 89 p 2

[Article by Yu Jingzhong (0205 2417 1813): "Reverse the Trend of Decline, Readily Produce a Hundred Million Dens of Ginned Cotton"]

[Text] In the early 1980's our country rose as the world's largest cotton producing country and cotton spinning country. Textile products became our country's largest commodity in foreign exchange earnings and established

a place of their own in the international market. However, since the downward trend of cotton production in 1985, for 4 years in succession both production and sales became more grave every day. This year cotton production has again shown signs of danger and there is the possibility of the reappearance of another big downward slide. Now is the time to clearly indicate the strategy for developing cotton production and to make a sagacious decision.

The strategic target in developing cotton production in our country may be described in two phrases: "Readily producing one hundred million dens of ginned cotton and building a textile kingdom." After the 3d Plenary Session of the 11th CPC Central Committee, cotton production in our country rapidly developed. In 1984 the gross output was more than 120 million dens, equivalent to the sum total of the productions of the United States and the Soviet Union. Our annual production volume of cotton yarn and cotton textile products was 200 percent of that of the Soviet Union, 300 percent of that of the United States and the center of the world's cotton production and textile industry shifted anew from the West to the East. This changed the situation of our prolonged import of cotton from foreign countries. In 1983 we began the export of cotton. In 1986 cotton export exceeded 1,000 dens. In the 5 years since then our accumulated foreign exchange earnings from this source amounted to \$2.1 billion. At the same time we pushed the export of textile products. In 1987 alone the foreign exchange earnings from the export of textile products amounted to \$9.54 billion, an increase of 55 percent over the preceding year and occupying 24.2 percent of our country's gross volume of exports. It also occupied 7 percent of the world's trade volume. In the strategy of developing an externally oriented economy along the coastal regions, the textile products industry is the supporting pillar in our external trade and is the main reliance in developing the externally oriented economy. It should be said that in developing an externally oriented economy, first and foremost we must build up a textile kingdom.

Building a textile kingdom has two phases: One is that there must be sufficient raw materials and the other is that an intensive degree of processing is required. At present, our country has 26 million spindles for cotton spinning, or about one-sixth of the world's total. On the basis of one spindle producing one bale of cotton yarn, this alone will need to spin 80 million dens of cotton. Added to this the export volume and military and civilian uses, a normal year requires about 100 million dens of ginned cotton. Hence only through readily producing 1 million dens of ginned cotton a year can we hold the initiative power and guiding power in the international markets for cotton and cotton textile products. This is the basic prerequisite for building the textile kingdom.

Caution Against a Large Downward Slide

The general situation requires the further development of cotton production. But what people cannot understand is that in recent years cotton production has suffered from restrictions and production and demand seem to have gone in opposite directions. In 1984 the national gross output was 125.17 million dans, a historical record; in 1985, it was 82.93 million dans, a sharp drop of over 33 percent; in 1986 it was 70.81 million dans, another drop of 15 percent; in 1987, it rose back to 84.90 million dans but in 1988, there was again a drop of about 3 million dans.

This year it is possible that there will be a big slide downward in cotton production. The signs coming from the various large cotton producing regions are as follows:

In Shandong, the country's largest cotton producing province, the area of cotton fields will be reduced by over 5 million mu, a reduction of about 20 percent; in the respectively second and third largest cotton provinces of Hebei and Henan, the cotton field area will likewise be reduced from 15 to 20 percent. Since Hebei, Shandong, and Henan command the whole situation in cotton production in the country, any mishap in these three provinces means mishap in cotton production in the country as a whole.

Jiangsu and Hubei are respectively the champion and runner-up in cotton production in the south. Because of the adoption of a series of supporting measures, Jiangsu's cotton output last year increased by 20 percent over the preceding year. Under the conditions of the national reduction in cotton production, it should be considered as being "singularly different" from the others, but its cotton field may still be reduced by around 20 percent, to the lowest point in the middle of the 1960's. Last year Hubei was the victim of a serious natural disaster and there was a general reduction in production and revenues. This year the size of its cotton fields will be reduced by over 20 percent.

As for other cotton-producing regions, outside of Xinjiang, the great majority also showed a tendency toward reduced cotton production.

The reduction of the cotton field area nationwide will astonish people although it is not unexpected.

One of the reasons is the irrational comparative price between grain and cotton. The disparity between their prices is becoming increasingly larger. At present the purchase price of ginned cotton is 178 yuan per dan, lower by 15.31 yuan compared with the purchase price in 1983. The relative benefits of planting cotton have fallen into the bottom of the pit. In past history the ratio of the comparative prices between cotton and grain which was comparatively rational was 1:12 (middle season indica grain, same below) in the southern cotton producing region. Now, the ratio has dropped to 1:10.3 (grain computed at state parity

price); if computed at the state's negotiation purchase price (guidance price), the ratio is 1:53; while at the market trading price, the ratio is only 1:4.4.

The second reason is the shortage and the high price of the means of production, resulting in the increasingly high cost of production in cotton planting. According to a survey made in Jiangsu Province, in 1983 the comparative price between ginned cotton and urea was 1:8.4. Last year it dropped to 1:6.3; the comparative price between ginned cotton and carbonate ammonia was 1:22.6 but dropped to 1:14.7; the comparative price between ginned cotton and plastic film for farm use was 1:1.2 but dropped to 1:05 (all the means of production computed at parity price).

The third reason is that cotton purchases are made with promissory notes and the public response is: "Working hard for a whole year and using high-priced means of production to produce cotton and still unable to get cash for the sales; we swear not to plant cotton any more!"

The fourth reason is that the level of mouth grain for cotton farmers is in some cases relatively low while the economic burden is increasing. In a portion of the cotton region there are three problems concerning the cotton farmers' food grain: 1. Insufficient quantity; 2. substandard quality; and 3. high prices. For example, in the well-known old cotton-producing region Nantong City of Jiangsu Province, the level of food grain is only around 150 kilograms, being the lowest in the province. According to information from Qidong County, all of the 15 million kilograms of food grain for sales to the cotton farmers consisted of miscellaneous or mixed grain. Moreover, since last year the market grain price has risen sharply and a jin of unginned cotton cannot exchange for a jin of rice. Because of this, the populace made much adverse comments and one after another expressed the view that they would rather cut short cotton planting and plant more rice so as to fill their stomach first."

Six Proposals

This year the signals are already indicating the decline trend in grain production. Quite possibly the cotton textile industry will meet with a "raw materials crisis." This may directly affect the effective supply for export in foreign trade and the domestic market. It is absolutely necessary to adopt decisive measures to rectify the trend of decline.

(1) We should rationally readjust the comparative prices between grain and cotton, and appropriately raise cotton prices. Following the principle of "cotton prices following grain prices," we should fix a rational comparative price between cotton and grain and only by so doing can we prevent minding the one but neglecting the other and ensure the coordinated development of grain and cotton.

(2) We should reform the cotton circulation structure and in purchasing and allocating or transferring cotton enforce the "base figure code." Unified purchase and unified allocation or transfer constitute the crux of the production development of cotton and must be reformed. We should gradually put the role of the market mechanism in full play. As the first step, it is proposed that beginning from this year the fixed purchase base figure and the transfer or allocation figure be readjusted. The average purchase quantity and transfer or allocation quantity of the preceding 3 years should be taken as the base figure and with county as the unit it should be fixed that no change will be made for 5 years. Within the fixed purchase base figure purchase is made at parity price; on the portion in excess of the base figure purchase will be made at an added price the extent of which should not exceed 30 percent. Thus, if gross output is 100 million dan, purchase volume is 90 million dan and the portion subjected to the added price is roughly one-fourth, then it is equivalent to an average increase in price of 7.5 percent, or roughly an increase of 15 yuan for each dan of ginned cotton. This is different from an average price increase. Rather, it stresses the important points, calls for the spending of a small amount of money and centrally encourages those regions which have the potentialities to develop cotton production and to fully display their strong points so that the geographic distribution of the cotton producing regions in our country will become more rational. At the same time, the localities retain the portion in excess of the allocation and transfer base figure. The localities are permitted to carry out their own processing and value increasing or undertake lateral economic combination, so as to stir up the enthusiasm of the governments at various levels of the cotton regions. We may gradually enforce the unification of production, supply, and marketing in circulation. As a transitional measure, cotton-using departments may directly deal with the country cotton and flax corporations, thus eliminating the intermediate link of the districts and cities.

(3) We should improve the supply of materials for agricultural use, and raise the standard of linking between cotton and fertilizer. This is a matter on which the peasants have made the most comments and fervently hoped for. At present each jin of cotton is rewarded with the purchase of 0.7 jin of chemical fertilizer. It is proposed that the standard be raised to "1 jin of chemical fertilizer to 1 jin of cotton." The plastic thin membrane is principally a question of price. The price of soil plastic membrane has sharply risen to over 10,000 yuan per ton. In using soil plastic membrane to cover up the cotton plants, the cost per mu is over 50 yuan which greatly increases the cost of production.

(4) We should rationally arrange the purchasing and distribution of grain and ensure the establishment of a base area for commodity cotton. On the preconditions of paying unified and equal attention to grain and cotton production and having a rational geographic distribution, we should make adequate arrangements for the

"purchase, sales and retention" of grain in the cotton producing regions and ensure that the food grain of the cotton farmers is not below the level of the nearby grain producing regions. This is an important guarantee for the construction of a base area for commodity cotton. In particular, in the three large areas of northwestern Shandong, Heilong harbor and eastern Henan, in addition to joining with the development of the Huanghe and Huaihai regions and transforming the cotton fields of medium and low level production, we should appropriately cut down the fixed purchase tasks of grain so that cotton production will have no worry in development. At present, north-western Shandong has been made the largest commodity cotton base area but still has to ship out 270 million kilograms of grain. This is equivalent to 50 percent of the grain adjustment task between the various regions of the whole province. This is truly a heavy burden. In the case of the cotton region of Heilong Harbor of Hebei Province, there is already a per capita grain insufficiency of 350 kilograms but the region is still imposed with the task of fulfilling a contractual fixed purchased by the government of 100 million kilograms of grain. At the same time, the returned sales of food grain to the cotton farmers should have a rational allocation in variety. In the south paddy rice should be mainly provided for so as to meet the living habits of the cotton farmers.

(5) We should improve the system of good cotton seeds and make a clear demarcation between seed cotton and commodity cotton. For many years in our country the problem of the mixed and poor quality of cotton all along has not been effectively settled. This has been principally due to the agricultural department being concerned merely with the production of raw cotton, the supply and marketing departments merely handling the collection, purchase and processing of cotton, and the purity degree of the seed cotton has no way of being ensured and protected. Experiments have shown that mixed and poor or regressive seeds, in comparison with those of a high degree of purity, yield 10 percent less in cotton output while the quality of the cotton is behind by one or two grades. It is proposed that the base area counties turning out good quality cotton turn over seed cotton to the agricultural system and that a control and management structure be established to promote and push the breeding of good strains and to handle the production, purchase, and sales of seed retaining cotton in a "one dragon" manner. The structure should be given the same treatment accorded to the supply and marketing departments. Only by so doing can the purity degree of the cotton be ensured and can the cotton strains breeding structure form a self-accumulating and self-development mechanism and fully display its functions.

(6) We should set up a sinking fund for the transformation and improvement of cotton planting technology and increase the input of scientific technology. The main source of the sinking fund is the cotton technique improvement fee. It is proposed that the collection rate of the cotton improvement fee be increased from the

current rate of 0.3 cent to 1 cent per jin of cotton and the levying scope be extended from the 1-4 grades cotton to the 1-6 grades. The sinking fund will be principally used for the development of new techniques in cotton planting so that cotton production can be shifted to depending on science and technology and to the track of mainly attacking the per unit area yield.

Foreign Debt Repayment Proceeding Smoothly
OW0402005889 Beijing XINHUA in English
1051 GMT 3 Feb 89

[Text] Beijing, February 3 (XINHUA)—When the foreign debt repayment peak comes in 1992, the repayment rate will be 10 to 15 percent of the value of China's exported goods annually which is well below the international warning level of 20 percent, according to an article in the "ECONOMIC DAILY".

The article said that by October last year, China's foreign debt had reached 21.018 billion U.S. dollars, of which about 50 percent is borrowed by the central government and the remainder by local governments and sectors.

The preferential long or medium-term loans amount to 9.6 billion U.S. dollars with an average interest rate of 3 percent. The high-interest rate commercial loans and the bonds issued in foreign countries make up 24 percent and 23 percent respectively of the total foreign debt.

The article said that the foreign loans have made up much of the capital deficiency in the country's economy. However, it noted, problems exist in the use and management of the borrowed capital.

The country's foreign debt is increasing a bit too fast and commercial loans make up an undesirably large proportion of the total foreign debt, it said. In some cases, "the debtor's obligations are ill defined."

These problems, it pointed out, stem mainly from the borrowing made by localities and government departments overseeing various economic sectors.

Now some localities and departments have begun to feel the effects of their blind and irresponsible borrowing. "When local governments cannot repay their debts, they can turn to the central government for help. But when the central government is in debt, to whom should they turn?" It asked.

In debt management, the article proposed to clearly define the debtor's obligations, to keep the amount of foreign money borrowed under control and to increase the proportion of the U.S. dollar in the total foreign debt.

More Foreign Funds Sought To Kindle 'Torch Plan'
OW0402073089 Beijing XINHUA in English
0909 GMT 3 Feb 89

[Text] Beijing, February 3 (XINHUA)—Funds are being sought in North America and Southeast Asia for China's Torch Plan which aims to boost hi-tech and new technology industries, according to today's "CHINA DAILY".

Thirty projects involving lasers, computers, telecommunications, new materials and cancer medicines have been chosen for initial funding under the plan which has attracted great interest from many countries and international organizations.

Negotiations are under way for setting up a hi-tech joint venture in Canada—China's first of its kind overseas.

Li Xue, vice-minister of the State Science and Technology Commission, said that his commission will make efforts to attract loans from foreign governments and banks to back up the Torch Plan, which involves about 600 research institutions and universities throughout the country.

The plan, first put into operation in August 1988, concentrates on the commercialization of new technology and hi-tech findings with an eye to world markets.

The State Council has approved the establishment of special high-technology districts in about 20 major cities. In Beijing alone, the 210 new technology enterprises in the district earned more than 1.2 billion yuan last year.

New Regulations Aiding Agriculture Pending
OW0402014589 Beijing XINHUA in English
1219 GMT 3 Feb 89

[Text] Beijing, February 2 (XINHUA)—China will draft new regulations this year on farm investment, seeds, soil protection and flood control, Sun Wanzhong, director of the Legal Affairs Bureau of the State Council, said today.

Sun said that farm legislation promulgated during the next two years will concentrate on easing the contradiction between supply and demand.

He said that agricultural legislation and laws governing land protection [passage indistinct] strengthened to ensure long-term economic gains.

Sun added that China is now ready to amend its "Environmental Protection Law" and work more detailed rules of laws on environmental pollution and protection for wildlife and mineral resources.

Agriculture Minister Expects Good 1989 Harvest
OW0402010489 Beijing XINHUA in English
0804 GMT 3 Feb 89

[Text] Beijing, February 3 (XINHUA)—Chinese Minister of Agriculture He Kang is optimistic about the prospects for a good harvest this year.

He told reporters that the development of agriculture is now top priority with both the central and local authorities, and the issue is regarded as a major task for this year.

In addition to an extra 400 million yuan in investment for agriculture from the central government this year an agricultural development foundation has been set up, funded by income from special-purpose taxes.

The purchasing prices of grain will be raised by 18 percent while the prices of fertilizer will be maintained, he said. The state has also decided to expand the production of fertilizer, pesticides, plastic sheeting and other essential materials.

He disclosed that hybrid crops, which give higher yields, will be sown on a bigger acreage. The area under multi-cropping will also be enlarged.

The sown acreage nationwide now totals 42 million hectares (ha), almost a million hectares more than last year. The large amounts of rain and snow in most parts of the country recently will be beneficial to farm production for this year, he noted.

Sowed Area of Summer Grain Crops Increases
OW0502061289 Beijing XINHUA in English
1332 GMT 4 Feb 89

[Text] Beijing, February 4 (XINHUA)—The sowed area of summer crops in China has increased this year, particularly that of grain crops and vegetables, according to today's "ECONOMIC DAILY."

The summer grain crops sowed this year totalled 29 million hectares, 1.5 percent more than last year, although sowed areas of barley have decreased by 51,000 hectares.

The Provinces of Guangdong, Guizhou, Sichuan and Hunan have each sowed over 66,000 hectares more of grain crops compared with last year. But eight provinces, autonomous regions and municipalities planted smaller areas of summer grain crops, the Beijing-based paper said, quoting figures released by the State Statistical Bureau.

The sowed areas of green manure crops have begun to increase after a decline of 13 successive years. In the autumn and winter of 1988 the whole country sowed 3.88 million hectares of the crops, two percent more than the 1987 figure.

However, the sowed areas of rapeseeds is continuing to diminish because of plant diseases, insect pests and frequent natural disasters in rapeseed-growing areas in the north that have left farmers unwilling to plant the crop, the paper said.

Farmers Asked To Pay Off Occupation Taxes
OW0502043189 Beijing XINHUA Domestic Service
in Chinese 1221 GMT 31 Jan 89

[By reporter Huang Zhenggen; "Local Broadcast News Service"]

[Text] Beijing, 31 Jan (XINHUA)—At present China's agriculture badly needs investment, yet taxes from occupation of farmland earmarked for agricultural use have not been fully paid because in some localities or departments' leaders, out of a lack of understanding of the importance of the Farmland Occupation Tax, have not made enough effort to collect them.

According to the data provided this reporter today by a responsible person of the Ministry of Finance's Agriculture Tax Collection Administration: Heartening results were achieved last year during which some 1.782 billion yuan of farmland occupation taxes were collected. Among the 29 provinces, municipalities, and autonomous regions (except Tibet) and 9 special cities, Qingdao, Shanghai, Wuhan, Shanxi, Dalian, Liaoning, Shenyang, and Yunnan achieved relatively good results, while Tianjin Municipality and Chongqing City had relatively poor results.

The data also shows that several units occupying large areas of farmland were rather slow in paying farmland occupation taxes. The communications departments used 320,000 mu of farmland in highway construction and thus have to pay 420 million yuan of farmland occupation taxes. The water conservancy and electric power departments used 95,000 mu of farmland in 13 provinces and prefectures for building water conservancy and electric power projects and thus have to pay 290 million yuan of farmland occupation taxes. The coal and metallurgical departments used 32,000 mu of farmland and thus have to pay 120 million yuan of taxes. But they have used various excuses to dodge, delay, or even default on their tax payments.

A leading comrade of the State Council recently instructed: "Without proper approval, anyone who should pay but have not paid these taxes, shall be asked to pay. Taxes must be collected according to the law, and no one is above the law." Departments in charge should urge their subordinate units to pay taxes according to the law. Collecting agencies should ask units in arrears in farmland occupation taxes to hurry up and pay their taxes.

East Region

Anhui Congress Standing Committee Ends Session

OW0402062589 Hefei Anhui Provincial Service
in Mandarin 1100 GMT 29 Jan 89

[Text] The eighth session of the seventh provincial People's Congress Standing Committee closed yesterday afternoon [28 January].

Chairman Wang Guangyu attended and addressed the meeting, which was chaired by Vice Chairman Su Hua.

The meeting adopted the Decision on Revising the Anhui Provincial Regulations on Prohibiting Gambling, and the Resolution on Approving Hefei City Measures for Cultural Market Management. (Sun Zhenhong) and (Liu Mingxiang), vice chairmen of the Legislative Affairs Commission and the Education, Science, Culture and Public Health Committee, respectively, of the provincial People's Congress Standing Committee, explained the draft decision and the revision of the Measures for Cultural Market Management.

The meeting also adopted the main points of work for the Anhui Provincial People's Congress Standing Committee in 1989 and decided on personnel appointments and removals. This year, the provincial People's Congress Standing Committee plans to deliberate on, formulate, and approve nine local decrees and revise four local decrees; promptly examine and decide on important matters; and tighten supervision according to law.

At the separate group meetings held from 25 to 27 January and the joint group meeting on the morning of 28 January, Standing Committee members conscientiously deliberated the work reports of the provincial people's government.

They maintained that the provincial people's government has done much to implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the national rural work conference and to speed up agricultural production, and that the major measures it presented for reaping the agricultural harvest this year have been fairly specific. The important thing now is to seriously implement the measures and strive for a better agricultural harvest this year.

Regarding the arrangements for the economic plan of our province in 1989, the committee members noted the need to effectively control the issuance of credit and loans, scale down fixed asset investments, strictly control institutional purchases, stabilize the market, ensure the production and supply of daily necessities, and accomplish an overall balance by restricting excessive demands and increasing the effective supply.

Chairman Wang Guangyu spoke before the meeting ended, noting that the People's Congress Standing Committee will carry out its work by closely implementing

the principle of improving the economic environment and rectifying the economic order; further strengthen the enactment of local decrees; exercise supervision according to law; and vigorously support the work of the government, the court, and the procuratorate. We should support judicial organs and organs in charge of administrative supervision in waging the struggle against felonious and economic crimes, embezzlement and bribe-taking, and other forms of corruption.

He said: To reap an agricultural harvest this year is an economic as well as a political issue. We should firmly foster the idea that agriculture is the foundation.

Du Weiyou, Chen Tingyuan, Chen Tianren, and Wang Yu, vice chairmen of the provincial People's Congress Standing Committee, attended the meeting.

Attending the meeting as observers were Wu Changqi, vice governor of the provincial people's government; Wang Chengle, president of the provincial Higher People's Court; and Feng Jianhua, chief procurator of the Provincial People's Procuratorate.

Chen Guangyi at Fujian Military District Meeting

OW0502004289 Fuzhou Fujian Provincial Service
in Mandarin 1100 GMT 1 Feb 89

[Text] Chen Guangyi, secretary of the provincial party committee and first secretary of the provincial military district party committee, recently addressed a meeting of the provincial military district party committee, stressing that stability and unity in Fujian are inseparable from the support of the people's soldiers, and that the growing power of the army is also inseparable from the support of the local authorities. Strengthening unity between armymen and civilians is dictated by the need to strengthen reform, further open up to the outside world, and invigorate Fujian.

He said: In the past year, commanders and fighters of the PLA and armed police stationed in Fujian, while successfully seeking self-improvement, have contributed their best to promoting the process of carrying out reform and opening up to the outside world. Particularly noteworthy is that they have done much to cope with emergencies, conduct rescue operations, promote joint military-civilian efforts to develop spiritual civilization, support the poor to achieve prosperity, and safeguard public security. They deserve to be called loyal fighters of the reform and open policy, and are highly praised by the people throughout the province.

At the meeting, central leaders and leaders of the PLA general headquarters now on an inspection tour in Fujian fully affirmed the work of local authorities and the army in Fujian, and expressed satisfaction with the military-civilian relationship in our province.

Wu Guanzheng Calls on Jiangxi Veteran Comrades
OW0402023289 Nanchang Jiangxi Provincial
Service in Mandarin 1100 GMT 30 Jan 89

[Text] As the Spring Festival is drawing near, it is time to call on the elders and prominent personages. Provincial party and government leaders Wu Guanzheng, Liu Fangren, Jiang Zhuping, Lu Xiuzhen, and (Ma Shichang) this morning called on former leading cadres Bai Dongcai, Fang Zhichun, and Fu Yutian, as well as late Comrade (Shao Shitian's) wife, (Hu Delan); Comrade Yang Shanggui's wife, (Xu Xin); Comrade Liu Junxiu's wife, (Sun Yatang); and Comrade (Luo Mengwen's) wife, (Yi Jiujing). The provincial leaders also visited veteran comrades (Zhu Kaiquan) and (Li Fengren) at the cadres ward of the Jiangxi Hospital.

During the visits, the provincial party and government leaders solicited the opinions and suggestions of the former leading cadres and veteran comrades on the work of the provincial party committee and the provincial government, inquired about the conditions of their lives, and wished them a Happy Chinese New Year, good health, and long life.

In the afternoon, responsible comrades of the Organization Department and the Veteran Cadres Bureau of the provincial party committee called on some veteran comrades at the Jiusi Hospital, the provincial Cancer Hospital, and the provincial (?No 1) Hospital.

Jiangxi Journalists Attend Spring Festival Forum
OW0502004489 Nanchang Jiangxi Provincial
Service in Mandarin 1100 GMT 31 Jan 89

[From the "Provincial Hookup" program]

[Excerpts] Some journalists of Jiangxi and Nanchang City, reporters of the central information units in Jiangxi, and the relevant responsible comrades of the provincial and city information units, totaling more than 200 people, happily gathered under the same roof at the club on the second floor of the Jiangxi Guesthouse this morning to attend the journalists' Spring Festival forum sponsored by the provincial party committee, the provincial government, the Nanchang City party committee, and the Nanchang City government.

Liu Fangren, (Wang Haihua), (Li Sheng), Wu Yongle, (Chen Lijiu), (Tang Yuanquan), Cheng Andong, (Shi Junfei), and other leading comrades were present at the forum. The forum was presided over by (Wang Haihua), member of the standing committee of the provincial party committee and head of the propaganda department. [passage omitted]

Liu Fangren, deputy secretary of the provincial party committee, spoke at the forum. On behalf of the provincial party committee and the provincial government, he extended heartfelt thanks and cordial greetings to

Jiangxi's journalists and reporters of the central information units in Jiangxi. He said that in the past year Jiangxi has made new achievements in the spheres of economy, politics, science, culture, and social life. [passage omitted]

Liu Fangren set demands on Jiangxi's journalists and reporters of the central information units stationed in Jiangxi for their work in 1989. He said: It is necessary to grasp the keynote of propaganda and correctly lead public opinion in society. It is necessary to publicize, with perfect assurance and very convincingly, the tremendous achievements in the 10-year reform, so all people will reach a common understanding, have full confidence, inspire revolutionary enthusiasm, and strive to carry out reform in depth and build socialism with Chinese characteristics. [passage omitted]

Liu Fangren emphatically pointed out: This year our propaganda and reports must be based on raising people's confidence, enhancing people's morale, and inspiring our Chinese nation's revolutionary enthusiasm. It is necessary to mold people's sentiment; purify people's souls; improve people's quality; and help the masses develop their fighting spirit for national self-respect, national self-support, and national self-improvement and for developing the Chinese nation, promoting the four modernizations, and building Jiangxi.

Shandong Advisory Commission Reports to Plenum
SK0102071689 Jinan DAZHONG RIBAO in Chinese
27 Dec 88 p 2

[Report on the work of the Shandong Provincial Advisory Commission over the past 5 years, submitted to the fifth provincial party congress for examination and discussion]

[Excerpts] The Shandong Provincial Advisory Commission was elected by the fourth provincial party congress in July 1983. When the provincial Advisory Commission was established 5 years ago, it consisted of 51 members. Since December 1984, some members have resigned from their posts in line with the pertinent regulations of the central authorities and with the approval of the party Central Committee and the provincial party committee. As dictated by the work demands, the commission has elected 3 additional members, bringing the number of members to 30. [passage omitted]

I.

As stipulated by the party constitution adopted by the 12th national party congress, advisory commissions of various provinces, autonomous regions, and municipalities should serve as political assistants and advisers to party committees at the same level and should carry out their work under the leadership of party committees at the same level. The work tasks of the provincial advisory

commission are: Offer suggestions and accept consultations in drawing up and implementing the party's principles and policies, support party committees in investigating and handling certain important issues, propagate the party's major principles and policies within and outside the party, and undertake other tasks entrusted to it by the provincial party committee. Over the past 5 years, in accordance with the principles of "acting according to one's capability and stressing ideological guidelines," the provincial Advisory Commission has emphatically attended to the following tasks under the leadership of the provincial party committee.

A. It has offered some suggestions for drawing up and implementing principles and policies. [passage omitted] Generally speaking, the opinions and suggestions offered by the members conform to the four cardinal principles and the general demands of reform and opening up, and the major issues adopted by the provincial Advisory Commission are consistent with the decisions adopted by the party Central Committee and the provincial party committee.

B. It has undertaken the work entrusted to it by the provincial party committee. Over the past few years, members of the commission have primarily supported the provincial party committee in conducting party rectification and organizational readjustment, in investigating cadres' performances, and in studying economic strategy. [passage omitted]

C. It has conducted investigations and studies. Since its establishment, the provincial Advisory Commission has always regarded the work of conducting investigation and study as its regular and major work. [passage omitted] These investigations and studies have been rich in content and have involved industry, agriculture, commerce, town and township enterprises, foreign trade, politics and law, science and education, and the building of party style. In conducting investigation and study, members primarily have summed up and introduced the achievements and experiences gained by various localities and units in carrying out reform, opening to the outside world, and building the two civilizations. [passage omitted]

D. It has conducted social work. Over the past few years, members have conducted social work in many fields according to their specific conditions in health, specialties, aspirations, and interests. First, quite a few comrades have held leading positions in some social groups. [passage omitted] Second, many members have been interested in and participated in the collection and study of data concerning party history and army history. [passage omitted] Third, some members have been concerned with the education of young people. [passage omitted]

E. It has satisfactorily received those veteran comrades who have come to our province for investigation and

visits. [passage omitted] Over the past 5 years, the provincial Advisory Commission has received a total of 214 groups of veteran comrades, totaling 998 persons, who have come to the province to visit. [passage omitted]

II.

With a view to playing its role as political assistants and advisers, the provincial Advisory Commission has paid attention to its own building.

A. It has organized study classes on theories and the trend of the times. First, it has established a system of regular studies. Second, it has sponsored reading meetings two or three times each year in the line with the demands of developments in the current situation focusing on studying the party's important documents and the important speeches of the central leading comrades. [passage omitted] Third, it has organized some report meetings in a planned way and has invited leading comrades of pertinent departments at the provincial level to brief members on the province's economic and political situation, on structural reform, and on other related fields. Fourth, it has organized members to visit and inspect rural areas, plants, and enterprises with a view to studying new experiences and knowledge concerning reform and opening up. [passage omitted]

B. It has carried out party rectification. In accordance with the decision of the central authorities and the arrangements of the provincial party committee, members of the provincial Advisory Commission have become actively involved in the first stage of party rectification at the provincial level. During the period of party rectification, the provincial Advisory Commission has set up a temporary party committee and six temporary party branches. Except for those who have been unable to participate in party rectification because of illness, 47 members have participated in the entire process of party rectification. [passage omitted]

C. It has showed concern about its members' physical and mental health. In accordance with the regulations of the central and provincial party committees, members of the provincial Advisory Commission should be looked after by the units where they live. Pertinent units have done a great deal of work in this regard. [passage omitted]

III.

Establishing advisory commissions is a pioneering work of our party. Through this transitional organization—advisory commissions—a number of veteran comrades can retreat smoothly from first-line posts and some young and middle-aged comrades can step up to leading posts. This is not only conducive to strengthening the vitality of the party and the government, but also promotes the cooperation of old cadres and new cadres and the succession of the old by the new. Because of lack of experience, the provincial Advisory Commission, since

its establishment, has conducted its work through explorations. After several years of practice, we have gained understanding of the following points with regard to the work of advisory commissions:

A. Conducting work under the leadership of the provincial party committee is an important principle of the provincial Advisory Commission. Since its establishment, the provincial Advisory Commission has conscientiously carried out its work in accordance with the stipulations of the party constitution, under the leadership of the provincial party committee, and in line with the arrangements and demands of the provincial party committee, by focusing on the central tasks of the provincial party committee. [passage omitted]

The provincial party committee has also attached importance to and given support to the work of the provincial Advisory Commission. The provincial party committee many times has approved and transmitted the pertinent documents and work reports of the provincial Advisory Commission and has entrusted great responsibility to comrades of the provincial Advisory Commission in carrying out party rectification, organizational readjustment, personnel arrangements, economic structural reform, and opening up to the outside world. [passage omitted]

B. Strengthening studies and investigations is an important prerequisite for achieving success in the work of the provincial Advisory Commission. [passage omitted]

C. "Acting according to one's capability and stressing ideological guidelines" is a correct principle for the work of the provincial Advisory Commission. [passage omitted]

IV.

In the future, the provincial Advisory Commission should firmly and unswervingly implement the basic line of the party, uphold one central task and two basic points, and actively conduct the work under the leadership of the provincial party committee, by focusing on the central tasks of the province, in line with the principle of acting according to one's capability. By so doing, it will be able to serve as political assistants and advisers of the provincial party committee.

A. It should deeply study and propagate the guidelines of the 13th party congress and the 3d Plenary Session of the 13th CPC Central Committee. [passage omitted]

B. It should positively support and promote reform. [passage omitted]

C. It should be concerned with party building. [passage omitted]

D. It should take care of and strengthen unity among veteran comrades. [passage omitted]

The provincial Advisory Commission should continue to accept and earnestly attain the tasks entrusted to it by the provincial party committee. It should also strengthen its own building. Together with all veteran comrades of the province, it should positively support the work of party committees and governments at all levels around the central and provincial party committees in order to contribute to reform and construction with its own practical action.

The Fifth Shandong Provincial CPC Congress is an important congress for further implementing the guidelines of the 13th party congress and the 3d Plenary Session of the 13th CPC Central Committee, for upholding the basic line of the party, for comprehensively deepening reform, and for vigorously invigorating Shandong. The various strategic tasks and measures set forth by the fifth provincial party congress will certainly play an important role in promoting our province's reform and opening up, in ensuring sustained and steady economic development, and in promoting the building of the spiritual and materials civilizations. The provincial Advisory Commission completely supports the report submitted to the congress by Comrade Liang Buting on behalf of the provincial party committee and is determined to make unremitting efforts to fulfill the various tasks set forth by the fifth provincial party congress, under the leadership of the provincial party committee, together with all comrades of the party.

Shandong PLA Leaders Visit Veteran Cadres
SK0602032689 Jinan Shandong Provincial Service in Mandarin 2300 GMT 1 Feb 89

[Text] On the morning of 1 February, to mark the occasion of Spring Festival, Li Jiulong, commander of the Jinan Military Region, and Song Qingwei, political commissar of the military region, each paid a visit to the region's former leading comrades, including Yao Shoukun, Chen Renhong, Kong Shiquan, and Fan Chaoli, as well as to some households of retired veteran cadres, to inquire about their living conditions and to solicit opinions from them on the military region's work.

Cao Pengsheng, deputy political commissar of the Jinan Military Region, visited the family members of the region's deceased leading comrades and presented gifts to them.

On 27 January, Gu Hui, deputy commander of the military region, and Cao Pengsheng, deputy political commissar of the military region, who were accompanied by the responsible comrades of the organs under the military region, also paid separate visits to the veteran cadres who are convalescing in the Nos 1, 2, and 3 sanatoriums under the military region in Jinan City. During their visit, the military region's cultural troupe presented a brilliant performance for these veteran cadres.

New Chief Editors Appointed for Shanghai Papers
HK0602000489 Beijing ZHONGGUO XINWEN SHE
in Chinese 1058 GMT 5 Feb 89

["The Chief Editors of Three Major Shanghai Newspapers Replaced"—ZHONGGUO XINWEN SHE headline]

[Text] Shanghai, 5 Feb (ZHONGGUO XINWEN SHE)—The chief editors of three major Shanghai newspapers—JIEFANG RIBAO, WEN HUI BAO, AND XINMIN WANBAO—have been replaced simultaneously.

Former chief editor of JIEFANG RIBAO Chen Nianyun [7115 1819 0061], former chief editor of WEN HUI BAO Ma Da [7456 6671], and former chief editor of XINMIN WANBAO Shu Renqiu [2631 4771 4428] have left their posts because of their old age.

Their successors are: JIEFANG RIBAO chief editor Ding Ximan [0002 6932 3341], WAN HUI BAO chief editor Zhang Qicheng [1728 0796 2110], and XINMIN WANBAO chief editor Ding Fazhang [0002 3127 4545]. These three replacements all have many years' experience in running newspapers and are all in their prime.

These three new chief editors assumed office on the same day, on 21 January.

Jiang Zemin Attends Shanghai Award Ceremony
OW0402044189 Shanghai City Service in Mandarin
1000 GMT 30 Jan 89

[Excerpts] A penicillin acylase genetic engineering germ project conducted by the Yang Shengli and Wu Ruping Group of the Shanghai medicine research institute under the Chinese Academy of Sciences won the second (Yilida) science and technology award.

Famous Prof Samuel C.C. Ting made a special trip to Shanghai today and issued a certificate of merit and a cash award of 50,000 yuan to the research group. Present at the award ceremony were leaders of the Shanghai municipal party committee and the municipal government Jiang Zemin, Zhu Rongji, Zeng Qinghong, and Liu Zhenyuan; Hu Qiheng, vice president of the Chinese Academy of Sciences; and Yan Dongsheng, adviser to the Chinese Academy of Sciences. [passage omitted]

The (Yilida) science and technology award is offered biennially by (Liu Yongling) of the (Yilida) Company, Ltd of Hong Kong and given exclusively to personnel of the Chinese Academy of Sciences.

Vice Mayor Liu Zhenyuan, on behalf of the municipal party committee and the municipal government, extended his warm congratulations to the award winners and expressed his thanks to Prof Samuel C.C. Ting, who made a special trip to Shanghai to present the award, and to Mr (Liu Yongling).

Zhu Rongji Meets Shanghai Advisers, Researchers
OW0402022189 Shanghai City Service in Mandarin
2300 GMT 30 Jan 89

[Text] Zhu Rongji, deputy secretary of the municipal party committee and mayor of Shanghai; Mao Jingquan, member of the standing committee of the municipal party committee and head of its united front work department; and Vice Mayor Xie Lijuan yesterday afternoon visited and held discussion with some advisers of the municipal government consultant office, and some researchers of the municipal Literature and History Research Institute.

During the discussion, the advisers and researchers expressed their wish to make further contributions during the remaining years of their lives. They expressed the hope that the government will give them some assignments so that the consultant office and research institute will not become a "forgotten corner".

Zhu Rongji extended his holiday greetings to the old comrades and elders on behalf of Comrade Jiang Zemin. He said: The consultant office and the Literature and History Research Institute are government organs, as well as a treasure house of talent. We should help these two departments to exercise their role better.

Mayor Zhu thanked these elderly men for their concern for the affairs of the municipal government. He indicated that he will give more attention to work done by the consultant office and research institute and listen to their opinions and suggestions, especially views that are different.

Nearly 40 persons, including Shi Yue, director of the municipal government consultant office, and Wang Guozhong, director of the municipal Literature and History Research Institute, were present.

Shanghai Mayor Addresses Letter to Educators
OW0502000189 Shanghai City Service in Mandarin
2300 GMT 2 Feb 89

[From the "Morning News" program]

[Text] In a recent letter to the Shanghai Municipal Education Federation, Mayor Zhu Rongji said that the Shanghai Municipal CPC Committee and Government will take some important measures in the new year to invigorate the city's education. The letter was read by Vice Mayor Xie Lijuan at a Spring Festival tea party held by the Shanghai Municipal Education Federation on 2 February.

Nearly 200 participants at the party responded warmly to the letter. In his letter, Mayor Zhu extended his cordial regards and heartfelt thanks to teachers of colleges, secondary and primary schools, and kindergartens, as well as comrades of the municipal Education Federation for toiling at educational work and making [words indistinct] contributions in the past year. In their

speeches, (Wang Puyi), president of the No 2 College of Medical Science, and other participants expressed hope that Shanghai would open up a new frontier in educational reforms in the new year.

Shanghai Holds Meeting on Improving Party Style
OW0402044089 Shanghai City Service in Mandarin 1000 GMT 31 Jan 89

[Text] The Shanghai Municipal CPC Committee held its bimonthly meeting today. At the meeting, Zhang Dinghong, secretary of the municipal Discipline Inspection Commission, briefed responsible persons of democratic parties and groups and other civic organizations, as well as representatives from all walks of life in Shanghai, on the efforts to rectify party style and strictly enforce party discipline in Shanghai in 1988, as well as on the municipal Discipline Inspection Commission's work this year.

Zhang Dinghong said: In 1988, the municipal party committee took resolute measures and did a great deal of work to maintain integrity of party and government organs. It has conducted extensive and intensive education among party members and cadres, earnestly straightened out the problem of party and government organs as well as office cadres doing business and running enterprises, instituted a system for maintaining clean government, and set up crime reporting centers.

It was learned that in 1988, Shanghai dealt with a total of 936 party members who violated discipline, 196 of whom were expelled from the party, 10 of whom were subjected to disciplinary actions by the party and the government, and 36 of whom were punished as criminal offenders, including 2 bureau-level and 13 department-level cadres.

Zhang Dinghong urged party organizations at all levels in Shanghai to conscientiously implement the party's principles and policies in economic work, and guarantee the smooth progress of the drive to improve the economic environment, rectify the economic order, and strengthen reform.

Acting in the spirit of treating each other with all sincerity and sharing weal and woe, responsible persons of the democratic parties and groups as well as nonparty personages at the meeting voiced their suggestions and views on further overcoming some cases of corruption within the CPC and improving the party style.

After hearing their speeches, Yang Di, deputy secretary of the municipal party committee, said: Although Shanghai has done a great deal of work to improve party style, much remains to be done. The work is still rudimentary. We should rely on ourselves as well as supervision by non-CPC personages and the people to improve party style. It makes a great difference whether there is supervision or not. I hope that democratic parties and groups will exercise more supervision on us. We are determined to make efforts to improve party style in Shanghai.

Zhejiang Leaders Attend Police Ceremony
OW0402023089 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 30 Jan 89

[From the "Provincial Hookup" Program]

[Text] This afternoon the Chinese People's Armed Police Force held a solemn ceremony in Hangzhou to confer ranks on police officers. Party, government, and military leaders from Zhejiang Province and Hangzhou City who were present at the ceremony included Li Zemin, Shen Zulun, Xia Zhonglie, Xue Ju, Chen Anyu, Shang Jingcai, Yang Shijie, and (Lu Wenhe). Maj Gen Zhang Xiufu, political commissar of the Chinese People's Armed Police Force Headquarters, and Zhou Baoxing, deputy director of the provincial public security department, presided over the ceremony. Leading comrades attending the ceremony issued appointment certificates to police officers who were given ranks.

Li Zemin, secretary of the provincial party committee, extended his warmest congratulations on behalf of the provincial party committee to police officers who were given ranks. He spoke highly of the important contributions made by the Zhejiang Provincial Armed Police Corps in maintaining public order and defending the cause of the four modernizations since its inception 5 years ago.

He said: The Zhejiang Provincial Armed Police Corps possesses a very high level of political awareness, is highly disciplined, and has a strong combat spirit. He expressed hope that officers and men of the people's armed police units in Zhejiang will consciously place the interests of the party and state above all else and be clearly aware of their responsibilities and the public order situation before them. In order to successfully manage and build the people's armed police units, they must also earnestly implement the guidelines of the 3d Plenary Session of 13th CPC Central Committee so that they meet the challenge posed by any kind of situation.

Xia Zhonglie, member of the standing committee of the provincial party committee, director of the provincial public security department, and first political commissar of the provincial people's armed police corps, and Maj Gen Zhang Xiufu, political commissar of the Chinese People's Armed Police Force Headquarters, also spoke at the ceremony.

Li Zemin Greets Zhejiang Retired Cadres
OW0402044689 Hangzhou Zhejiang Provincial Service in Mandarin 1000 GMT 31 Jan 89

[From the "Provincial Hookup" program]

[Text] This afternoon, the provincial military district held a party to welcome the new spring and to pay respects to old comrades. Old comrades of the Red Army and cadres at army level and above who are resting in

Hangzhou, and representatives from the provincial military district leadership, organs, and sanatorium workers, some 150 in all, gathered together to exchange New Year greetings, and to celebrate the arrival of the 1989 Spring Festival.

Comrade Li Zemin, the newly appointed first secretary of the party committee of the provincial military district, joyfully met with old comrades attending the party, and warmly extended his holiday greetings to these retired comrades.

Central-South Region

Guangdong 10-Year Economic Reform Viewed
HK0502065089 Beijing JINGJI RIBAO in Chinese
16 Jan 89 p 1

[Article by reporters Chen Xudong (7115 2485 2639) and Liu Jie (0491 2638): "Is it Fragrant or Is it Odorous—Talking About Guangdong"]

[Text] "Fragrant for 1 year, odorous for another; be it fragrant or odorous, another year has passed." Ten years have passed in Guangdong's reform and opening up to the outside world, and during the 10 years the whole country has talked about Guangdong. After all, is Guangdong fragrant or odorous?

Perhaps we should first make a broad review of the reform in Guangdong over the past 10 years.

A Look at the Past

It is hardly worth looking back at the Guangdong of 10 years ago. At that time, the growth rate of the major economic targets of the whole province had been below the average level of the whole country for as long as 13 years. Guangdong at that time, aside from its bananas, sugarcane, and the tropical scenery of Hainan Island, which had their special features and made an indelible impression on outside people, hardly occupied an important position in the economic field. Hence, at the beginning of Guangdong's reform and opening up to the outside world, not much astonished the outside.

However, only a few months after the 10 years, when people set foot in the southern land again, they were astonished to discover in Guangdong's markets large numbers of glisening electronic watches, folded umbrellas of various colors, and garments strangely designed but pleasing to the eye. These miraculous changes, along with common folks carrying large bundles of goods in their hands or over their shoulders, are now the talk of entire Mainland China. Naturally, the sudden opening of the gates of the "south China Great Wall" has brought along in its wake a long list of other things such as the discos with their vigorous dancing inside, women's hairdos in various shades and forms, hysterical singers of "golden songs," smugglers and smuggling, venereal diseases, gambling, and so forth. Facing Guangdong's

mountains and rivers, and recalling days of yore, old comrades coming from the outside could not help singing with tears in their eyes: "In Guangdong, aside from the national emblem, almost nothing is left of the taste of socialism." And there are many other people who loudly acclaim this with joy! Thus people began to make their choice: assaulting smuggling and the smugglers, prostitution, and gambling were put on the leadership's daily agenda, but discos, singers of golden songs, new-style garments, and hairdos of different kinds spread to the whole country. The high tide of the first stage of the dispute about Guangdong's being fragrant or odorous gradually began to subside.

When Guangdong's reform and opening up to the outside world first began, it attracted people's great attention. As the reform and opening up to the outside continued, people's talk about Guangdong also continued. On visiting Guangdong this year, what people saw were the folded umbrellas, household electrical goods and new-style garments. Next year, upon visiting Guangdong, people will likewise see the new-style garments, household electrical goods, and folded umbrellas. When people became tired of seeing the same things year after year, in the barren wilderness a modernized town suddenly made its appearance. The establishment of the Shenzhen Economic Special Zone has attracted people's great attention. And even the character "zhen," which carried little meaning in the Chinese dictionary, began to become revitalized. But after a great excitement, a relapse in feelings naturally followed. People looking with wide open eyes at Shenzhen began to raise their eyebrows and notes of criticism came from all sides: "A so-called special economic zone is nothing but a scheme to earn inland people's money." And at about the same time the motor vehicles affair in Hainan Island flared up and seemed to add fuel to the fire. These ideas of objection were not without reason and forthwith new restrictive measures were forced on the special economic zone. As a result of these sudden restrictions, the tourist trade in the special zone dropped drastically, and people watched the special zone's economic depression with mixed feelings. But the vitality of new things really attracts people's admiration. When people were filled with skepticism, the externally-oriented economy silently made its appearance with the formulation of the policy of "both ends abroad and large volume in exports and imports." Not only did the special economic zone feel proud and elated, but its experiences were also speedily promoted along the coastal regions. People's tense feelings were soon appeased following the enforcement of the strategy in the coastal regions.

Questions and Answers

A history of 10 years is a short one, but to make a general summary of the historical events of 10 years' time is an enormous task. Today, as we stop at the midway station of history, rest a little while, look backward and forward,

measure time and the situation, and make an earnest study of the past and future, it is unavoidable that deeper problems will emerge and seek people's clear-cut reply.

The first question is: Guangdong's opening up to the outside world is 10 years old. What successes have been achieved, after all?

Recently, several news and information units in Guangdong have selected 10 big events and activities in Guangdong since the reform, and in addition listed 15 events in reserve. They included the fact that after Guangdong had become the pilot area for the comprehensive reform, its social gross output value, industrial and agricultural gross output value, national income, and financial revenues for the average year respectively increased by 17.4 percent, 13.5 percent, 11.3 percent, and 10 percent. In addition to these high-sounding figures, there were other claims, such as "the building of more than 1,000 bridges through collectively raised funds," "outstanding results in afforestation over the 10 years," and so on. Only those people personally on the scene can feel and realize these glorious and big changes.

But people may ask next: With Guangdong having gone through "big changes and sudden changes," has it, after all, made any big contributions to the state? Each year it has delivered to the national finances over 1 billion yuan. This sum is hardly comparable with those delivered by such "large units" as Shanghai and Jiangsu, but even compared with Suzhou City and Wuxi City of Jiangsu Province, it is also relatively small.

The explanation given by certain cadres of Guangdong Province was to the effect that Guangdong's contributions to the state were not confined to only some 1 billion yuan. To this we must add the customs duties, interest payments on bank loans, and the national treasury notes floated in Guangdong. To those people who understand the actual situation, they do not consider this argument very forceful.

Then some people, continuing the questioning, would ask: Since Guangdong has imported over 900,000 sets of technological equipment, what top-notch products has the province ever produced?

Replying to this, certain Guangdong people would count their fingers before you and point out in detail the cream of "Cantonese products," saying that soft drinks from the water of the Pearl River and biscuits made from Guangdong's grain were well-known in the four corners of the country and that equally well-known were the "Weili" and "Wuyang" brands of washing machines and the "Wanbao" and "Rong Sheng" brand refrigerators.

But outside people, when hearing this, would think otherwise, because a careful comparison would easily disclose that of the so-called "Cantonese goods", aside from the "Jinlibao" biscuits, which could claim to have some repute, many of the other products, compared with

the same category of goods in the country, would still be behind in terms of class and quality. And no matter how good "Jinlibao" biscuits may be, what large role can they play in the national economy?

Then people would ask other questions.... And under question, many "Guangdong brethren" and people from outside provinces could not make any reply, while many other people would begin to fall into deep thought.

Changed Into a Roc

Looking at the map of China, some people say that the shape of Guangdong Province is like that of a roc [legendary bird of great size and strength], but there are also people who say that it is like that of a bat. This comparison or dispute is not particularly significant, but it does reflect some deep-going meaning and indicates the different trends in evaluating Guangdong after 10 years of reform and opening up to the outside world.

Before making an evaluation of Guangdong, we must first cast aside the complicated and confusing surface phenomena and certain scattered and broken minor details and be ready to make an assessment in accordance with the veins of the course of development of things. Only by so doing can a just conclusion be obtained.

In 1979, when the central government decided to make Guangdong Province the pilot area for the comprehensive reform of the whole country, it did not ask the province to make very large contributions within a short time in the form of funds and material resources. The reason was a simple one. Since liberation, Guangdong Province all along has been located on the "front line of anti-imperialism," and very few of the country's major construction projects were designated to be located in Guangdong. This led to Guangdong's very weak economic foundation. On a foundation like this, it was impossible for the province all at once to leap very high. The central government's original intention was to make the province, in the course of reform and opening up to the outside world, be the first in the country "to partake of tasty food," to probe for experiences, and at the same time serve as a window to attract foreign investment and to introduce from abroad advanced technology and advanced management experiences.

However, following the reform and opening up to the outside world, unprecedented prosperity appeared in Guangdong's markets. This made certain people erroneously believe that Guangdong's economic strength had become extremely strong. They demanded that Guangdong make even more contributions in "hard wares" and neglect the successes obtained by the province in "soft wares." These "anticipations," which were similar to "placing the cart before the horse," not only affected the

sentiments and feelings of other provinces and municipalities but also propelled the rapid and sharp development of Guangdong's economy to become separated from reality. This further aggravated people's mistaken understanding regarding Guangdong Province.

But if we rectify anew the twisted standards, then we cannot but delightedly admit that in the 10 years of reform and opening up to the outside world, Guangdong truly did achieve enormous successes. Just the "Shenzhen benefits" alone have provided the motive force of promoting and causing qualitative changes in enterprise management throughout the whole country, and upon evaluation, this should be worth much more than billions or tens of billions of contributions measured in renminbi. In terms of inviting tenders for engineering work and in the introduction of technology markets, each and every one of the reform measures undertaken in Guangdong Province has resounded in Mainland China. The price reform in Guangdong Province is, up to this point, still ahead of other provinces and many people have taken advantage of Guangdong's actual practices and experiences in price reform to gauge the prospects of price reform in the whole country. Can we say that these all are not Guangdong's contributions to the whole country?

After Guangdong's enforcement of the reform and opening up to the outside world, due to the readjustment of the product structure and the rise in the speed of production development, there appeared the phenomenon of grain, agricultural and sideline products, and raw materials "flowing like a stream of water to the east (Guangdong)" and causing certain commodity prices in other provinces and cities to rise, particularly in the neighboring provinces and towns. This has caused a certain feeling of resentment against Guangdong and for a time there were cries of establishing outposts to blockade the province. Naturally, following the passage of time, this tense situation has been basically eased, although people are still divided on how to properly treat this phenomenon. To be fair, in the case of Guangdong purchasing grain and agricultural and sideline products from other localities at negotiated prices, if we apply the law that markets lead to production and that large purchases will promote production development that will in turn cause prices to fall gradually, what is wrong with it? Guangdong's importation of raw materials at market prices is entirely in a position of just and fair competition with other places. Is this not beneficial to fostering and perfecting the raw materials market and to transferring to the structure of the commodity economy?

In the northern land, there is a legendary fish known as the "kun"; it is transformed into a bird, known as the roc. When the roc changes its abode to the southern land, it makes the water splash for 3,000 li and soars into the sky for 90,000 li aided by a tornado. But the transformation of the kun to the roc certainly takes a long time. Frankly speaking, Guangdong's current economic condition is still in the stage of building the foundation. There

are serious gaps in energy and communication facilities, the technical strength is weak, and top-notch technological products sorely needed for the development of an externally-oriented economy are sadly lacking, while the various reform measures still need further improvement. Under such conditions, the dispute as to whether the province is fragrant or odorous and whether the shape of the province in the atlas is like a roc or a bat is quite unavoidable. Nevertheless, if we find that the 10 years of reform and opening to the outside world have enabled Guangdong to initially build up the early model of a new structure of socialist commodity economy and that brisk vitality has already been exhibited, then we can without doubt say that when and as Guangdong is transformed from the kun to the roc, the legends of splashing the water for 3,000 li and soaring into the sky for 90,000 li will certainly become real events.

Guangxi Officials Embezzle Flood Relief Supplies
OW0502235989 Beijing XINHUA in English
0730 GMT 4 Feb 89

[Text] Beijing, February 4 (XINHUA)—Thirty-four officials in South China's Guangxi Zhuang Autonomous Region were found to have diverted 31 tons of steel products earmarked by the Central Government for the rehabilitation of a flood-stricken area, the "CHINA YOUTH NEWS" reported today.

They included three officials at county level and nine section chiefs or bureau directors, the paper reported.

The case was exposed in a recent announcement by the commission for discipline inspection of the region's Tengxian County, following an investigation based on reports from local residents.

The paper reported that the county was hit by a severe flood in September last year, as a result of which 119,000 houses were damaged to various degrees, resulting in damages of 83.7 million yuan.

To help people in the flood-stricken area rebuild their homes, the Government set aside 285 tons of steel products for the county in the fourth quarter of 1988, the paper reported.

So far, five officials involved have returned the relief materials they embezzled, the report said.

Hunan Leaders Attend Spring Festival Function
HK0402023789 Changsha Hunan Provincial Service
in Mandarin 2300 GMT 3 Feb 89

[Excerpts] On 3 February, a festive atmosphere pervaded the ceremonial hall of the provincial party committee, when party, government, and army leaders held a Spring Festival gathering with some 800 persons of various sectors. [passage omitted]

Liu Zheng, deputy secretary of the provincial party committee and chairman of the provincial CPPCC Committee, made a speech. He said that last year was an abnormal year. Thanks to the common efforts of the people of the whole province, we overcame serious floods and drought. Although grain production declined by 1.7 billion jin, it was still 50.2 billion jin, and agricultural output value showed a slight increase over 1987. Industrial output value rose by 15.4 percent. Since implementing the spirit of the 3d Plenary Session of the 13th CPC Central Committee, we have initially improved and rectified the economic order, and prices have dropped somewhat. [passage omitted]

This year is the 11th year of the reforms. The provincial party committee and government have formulated policy decisions on further implementing the spirit of the Third Plenary Session: The province should strive to ensure that price rises this year are markedly below last year's, to achieve notable improvement in social order, and to achieve new success in building clean and honest party and government organs. This is a glorious and arduous task. [passage omitted]

Xiong Qingquan, secretary of the provincial party committee and governor, also spoke at the gathering. [passage omitted]

Southwest Region

Guizhou Leaders Make Grass Roots Inspections
HK0602023789 Guiyang Guizhou Provincial Service
in Mandarin 2300 GMT 5 Feb 89

[Excerpts] Since the beginning of this year, leading comrades of the provincial party committee and government have gone down to villages and factories to carry out investigation and study at the grass roots and spur the healthy development of improvement and rectification work in the province.

Fresh from inspecting work in Zhenning and Guanling at the end of last year, provincial party committee Secretary Liu Zhengwei went to Tongren Prefecture on 1 January to earnestly listen to the grass-roots cadres' views and demands regarding this year's work. [passage omitted] In the course of 6 days, he went down to the grass roots and studied this year's work arrangements with the party committee secretaries and governors of Fuquan, Wengan, Shiqian, Songtao, Wanshan, Zhenyuan, and Huangping counties.

To ensure that the party's work of improving the economic environment and rectifying the economic order and its guideline on comprehensively deepening the economy become the spontaneous action of the masses, Governor Wang Chaowen spent 10 nights at the grass

roots in only 1 month, during which he inspected agricultural production, arrangements for the masses' livelihood, comprehensive measures to improve public order, and so on in Tongren Prefecture and Qiongdongnan Autonomous Prefecture. [passage omitted]

Sichuan, Guizhou Mourn Panchen Lama's Death
OW0302212989 Beijing XINHUA in English
1556 GMT 3 Feb 89

[Text] Beijing, February 3 (XINHUA)—More than 200 personages assembled in Chendu in the auditorium of the Sichuan provincial government this afternoon to honor the memory of the late Panchen Lama.

Among them was the secretary of the provincial party committee Yang Rudai, who presented a hada (a silk scarf traditionally regarded by Tibetans as a token of respect) to the portrait of the late Panchen.

In Guizhou, capital city of Guiyang Province, provincial party and government leaders went to a local monastery to mourn the death of the late Panchen Lama today.

Memorial services have been held in the monastery two days.

Yang Rudai Addresses Sichuan Intellectuals
HK0402042389 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 3 Feb 89

[Excerpts] On 3 February, the provincial party committee gave a Spring Festival tea party for some 40 well-known figures in Sichuan intellectual circles. [passage omitted]

Provincial Party Committee Secretary Yang Rudai addressed the gathering. After extending Spring Festival greetings, he said: [begin recording]: In common with the whole country, 1988 was an abnormal year in Sichuan. The province's industrial and agricultural output value broke through the 100 billion yuan barrier for the first time. Calculated at 1980 prices, the value was more than double for that year. Financial revenue rose from some 3.4 billion yuan in 1980 to 8.7 billion. Guided by the principles and policies of the 3d Plenary Session of the 13th CPC Central Committee, thanks to the common efforts at all levels throughout the province, initial results have been achieved in improvement and rectification. In the past 3 months or more, the province has cut or postponed more than 600 capital construction projects. Institutional purchasing power has been initially curbed. Urban and rural savings deposits have risen after declining. The momentum of excessively rapid price increases has started to slow down. The overall economic and political situation is good.

While vigorously developing material civilization, the province has also scored new success in building spiritual civilization, and you comrades and friends have achieved gratifying results in this respect.

While affirming our achievements, we must also soberly perceive the difficulties and problems facing us. The phenomena of economic overheating and excessive demand have not been fundamentally curbed. There is a lack of effective (?control) and supervision during the switch from the old to the new systems, and many loopholes exist. There is confusion in the circulation field and unfairness in social distribution. There are certain negative and corrupt phenomena in the organs and in society, there are more [words indistinct] in society, and there are factors for instability. We must resolve these problems in the future.

To attain the four modernizations and invigorate China is the common goal of the people of all nationalities throughout the country. To attain this target, we must uphold the basic line of the 13th party congress, we must have a political environment of stability and unity, and we must establish the spirit of going all-out among the people of the province. We must further enhance people's civilized qualities. Comrades and friends, there is much to be done in all these respects. The people of the province place great hopes in you. I hope you comrades and friends will display your initiative and creativity, and brace the people's spirit and morale through your hard work. Our work should help to stabilize the economy, politics, and society, and also help to strengthen the people's confidence in overcoming difficulties; boost the authority of the CPC Central Committee and State Council; and strengthen the whole people's [words indistinct] to ensure the smooth progress of reforms and construction.

Improvement and rectification is actually an economic readjustment, and is also a continuation and deepening of the reforms. In this process, apart from vigorously developing social production and creating more material wealth, we must also create still more spiritual wealth. In recent years the CPC Central Committee has made a series of decisions on education, science and technology, literature and art, journalism, ideological and political work, party education work, and so on. Our task this year is to unswervingly and comprehensively implement these decisions, so as to reach a new level in our work.

Sichuan's economic invigoration is also based on the progress of science and technology. The enhancement of the people's cultural level is based on education and culture. The enhancement of society's endurance capacity is based on correct media guidance and supervision. Improvement of people's physique is based on public health and sports development. The building of socialist commodity economy and socialist democratic politics require guidance by theory. Therefore, comrades and friends, I hope you will work hard together to create and preserve an atmosphere of further implementing the double hundred principle and of stability, unity, democracy, and science, and strive to help everyone to resolve some practical problems that can be resolved.

Comrades, friends, the difficulties and problems we have encountered now are difficulties on our way of advance and problems in development. So long as we unswervingly implement the line of the 13th party congress and the spirit of the 3d Plenary Session of the 13th CPC Central Committee and uphold the principle of grasping things with two hands, our future will be bright, and our education, science, culture, journalism, publishing, public health, and sports undertakings will certainly flourish still more. We will certainly be able to win new victories in reform and construction. [end recording]

Sichuan Leaders Attend Spring Festival Function
HK0502061789 Chengdu Sichuan Provincial Service
in Mandarin 2300 GMT 4 Feb 89

[Excerpts] A Sichuan Spring Festival gathering was held in the Jinniu Guesthouse in Chengdu on 4 February. More than 350 people, including party, government, and army leaders and representatives of various circles, gathered to celebrate the Year of the Snake. Vice Governor Xie Shijie presided. Governor Zhang Haoruo extended greetings to the people of the whole province. [passage omitted]

Chengdu Military Region Deputy Commander Zhang Taiheng extended New Year greetings to the party and government leaders and the people of the province on behalf of the officers and men battling in the Laoshan front and the commanders and fighters of the whole region. [passage omitted]

Present at the gathering were Yang Rudai, Gu Jinchi, Feng Yuanwei, He Haoju, Liao Bokang, Lu Dadong, Tian Bao, Yang Wanxuan, Cao Qingze, Gao Shuchun, and Wu Xihai. [passage omitted]

Lhasa Memorial Service Held for Panchen Lama
OW0402054289 Beijing XINHUA Domestic Service
in Chinese 1502 GMT 3 Feb 89

[From the "Local Broadcast News Service"; by reporters Pi Deyi and Hu Qinghai]

[Text] Lhasa, 3 Feb (XINHUA)—Some 1,500 monks and people from various circles in the Tibetan Autonomous Region attended a memorial service this afternoon for the 10th Great Master Bainqen Erdini Luosang Chilie Lunzhu Qoigy Gyaincain, who was vice chairman of the NPC Standing Committee and honorary president of the Buddhist Association of China.

The memorial service was held in the Lhasa Theater. The atmosphere was quiet and solemn, with touches characteristic of the Tibetan nationality and religion. Great Master Bainqen's portrait was hung over the center of the platform. A yellow canopy on the top and behind the portrait symbolized his high position in Tibetan Buddhism. Wreaths from his parents and relatives lay beneath the portrait, and fruits, purified water,

Tibetan incense, butter lamps, and flowers were placed in front of the portrait, according to the religious rites. Green bushes and grass were put alongside and in front of the offerings.

Around the theater lay wreaths sent from Yang Shang-kun, Wan Li, Li Xiannian, Tian Jiyun, Yan Mingfu, Xi Zhongxun, Ngapoi Ngawang Jigmei, Pagbalha Geleg Namgyai, and Zhao Puchu, and Tibetan autonomous regional party, government, and military leaders, as well as the CPC Central Committee; the NPC Standing Committee; the State Council; the CPPCC National Committee; the CPC Central Committee United Front Work Department; the State Nationalities Affairs Commission; the State Council Bureau of Religious Affairs; the Buddhist Association of China; the Tibetan Autonomous Regional and Qinghai, Gansu, Sichuan, and Yunnan Provincial party and government departments; and the Chengdu and Tibet Military Regions.

Pagbalha Geleg Namgyai, vice chairman of the CPPCC National Committee, honorary chairman of the Tibetan Branch of the Buddhist Association of China, and vice chairman of the autonomous regional People's Congress Standing Committee, officiated at the memorial service. Hu Jintao, secretary of the Tibetan Autonomous Regional CPC Committee, delivered the eulogy.

In the eulogy Hu Jintao reminisced about Great Master Bainqen's lifelong devotion to the country and the religion and his meritorious service for the motherland's unification, unity of nationalities, and China's socialist construction. He said: Great Master Bainqen was a great patriot, much admired by people of all nationalities in China. Throughout his life he held a patriotic, united, and progressive stand; firmly opposed separation and regression; and wholeheartedly safeguarded the motherland's unification and unity among nationalities. In previous struggles against splittism, from the incident of "bogus people's conference" in the early stage of Tibetan liberation to the troublemaking by a handful of splittists since September 1987, Great Master Bainqen consistently took a firm stand and held high the patriotic banner in resolutely safeguarding motherland unification and unity among nationalities. During a conversation with the great master in 1980, Comrade Deng Xiaoping praised Bainqen as "the most outstanding patriot of our country."

Hu Jintao said: Great Master Bainqen was a loyal friend of the CPC, who always supported its leadership, sharing weal or woe with the CPC and treating it with all sincerity. He taught patriots in various circles and the masses of people to listen to and follow the CPC and conscientiously accept its leadership. To protect the party's prestige and image, he often made suggestions to the party Central Committee concerning the work in Tibet and other areas inhabited by Tibetans. He said all he knew, and said it without reserve. His noble style and moral integrity should be a good example for people of all nationalities in the autonomous region.

Hu Jintao said: Great Master Bainqen was a famous political activist in China, a state leader we respected. He was an outstanding representative of the Tibetan people. He showed deep concern for the work in Tibet, the growth and progress of cadres of various nationalities, the happiness of the Tibetan people, and development and progress in Tibetan society. His painstaking work and tremendous contributions to Tibet's prosperity and the Tibetan nationality's development and progress will be remembered forever by the Tibetan people.

Hu Jintao said: Great Master Bainqen was a prominent leader of Tibetan Buddhism in China. As the natural successor to the previous Great Masters Bainqen, he taught the large number of monks to love the country and the religion, diligently study the Buddhist scriptures, and carry Tibetan Buddhism forward. Following the Buddhist teachings, he discarded evil, performed and accumulated good deeds, practiced self-restraint, served other people, and took a solemn stand on territorial integrity. With profound attainment in Buddhism, he made unremitting efforts to develop Tibetan Buddhism and won sincere admiration from the large number of Buddhist believers.

Hu Jintao said: The passing of Vice Chairman Bainqen Erdini Qoigy Gyaincain is a grave loss to our country and Chinese people of all nationalities, including Tibetan. People of all nationalities in the autonomous region must turn grief into strength; emulate and carry forward Vice Chairman Bainqen's works and spirit; inherit his legacy; and jointly strive for a united, prosperous, and culturally advanced new socialist Tibet and for the common prosperity of all nationalities.

Officials of the Tibetan Autonomous Regional CPC Committee; the Tibetan Autonomous Regional Advisory Commission; the Tibetan Autonomous Regional Discipline Inspection Commission, the Tibetan Autonomous Regional People's Congress Standing Committee; the Tibetan Autonomous Regional People's Government; the Tibetan Autonomous Regional CPPCC Committee; the PLA Tibetan Military Region; and Lhasa City party, government, and military organs, as well as all autonomous regional and Lhasa City departments, people's mass organizations, and religious organizations, attended the memorial service. Amid mourning music, they slowly walked toward and bowed before Great Master Bainqen's portrait. Many presented hadas [Tibetan scarves] to the great master's portrait.

Comrades Pagbalha Geleg Namgyai and Hu Jintao expressed profound sympathy to Great Master Bainqen's ailing parents Yaoxi Gugong Caidan and Yaoxi Suolang Zhuoma and his younger brother, who were present at the memorial service.

Crowds gathered in front of the site of the memorial service to cherish the memory of Great Master Bainqen.

Tibetan Official Marks Reform Anniversary
OW0602094389 Beijing XINHUA in English
0239 GMT 6 Feb 89

[Text] Beijing, February 6 (XINHUA)—A senior Tibetan official has said that Tibet's social progress and prosperity can only be guaranteed by adhering to the leadership of the Chinese Communist Party and by taking the socialist road.

Raidi, deputy secretary of the Tibetan Autonomous Regional Committee of the Chinese Communist Party and chairman of the regional committee of the Chinese People's Political Consultative Conference, made this observation in an article marking the 30th anniversary of the "Tibetan democratic reform and the abolition of serfdom."

"The success of the democratic reform opened a new historical era in Tibet, which is of great significance for the social progress and prosperity of the Tibetan nationality," Raidi wrote in the article.

The article is carried in the latest issue of SEEKING TRUTH [QIUSHI], a theoretical journal of the Chinese Communist Party.

In March 1959, an armed rebellion was launched against the historical trend and the aspiration of the Tibetan people. To maintain the unification of the motherland and to defend the fundamental interest of the Tibetan people, the central government had but to put down the rebellion and carried out the democratic reform in line with the demand of the Tibetan people and with the approval of the upper class personages.

The social system of the pre-democratic reform period is a serfdom by feudal nobles characteristic of combining political and religious affairs. The slave-owner class including local government officials, nobles and upper-class monks in monasteries, which made up only five percent of the total population, possessed all the land and pasture and most of the livestock. While the remaining 95 percent had neither the right to own land and personal freedom, nor human rights and democracy, and were devastated on the verge of starvation.

The main tasks of the democratic reform is to overthrow the ruling of the feudal slave owner class, to replace the serfdom with people's democratic system and change the ownership of slave owners to the individual ownership of land and pasture by farmers and herdsmen.

The reform of the relations between the superstructure and the productive force conforms to the eager desire of the entire Tibetan laboring people and represent the objective trend of the Tibetan social development, the article says.

"Despite ups and downs in the 30 years since the democratic reform, conspicuous achievements have been registered in revolution and construction," the article states. The unification of the motherland has been consolidated; the unity among various ethnic groups have been strengthened; Tibetan people have become the masters along with the full implementation of the country's policy of regional autonomy by nationalities, the article notes.

To maintain the social stability and keep prospering the national economy, it is imperative to adhere to the leadership of the Chinese Communist Party and follow the socialist road, the article stresses.

Efforts should also be made to open Tibet wider to other parts of China and the outside world and to speed up the economic development while improving nationality and religious work and uniting all that can be united to promote development and progress in Tibet, the official said.

Tibetan Leaders Stress Higher Education
HK0602015989 Lhasa Tibet Regional Service
in Mandarin 1130 GMT 5 Feb 89

[Excerpts] On 5 February, regional party committee Secretary Hu Jintao, Deputy Secretary Dangzin, and government Vice Chairman Tudao Doje visited Tibet University, Lhasa City Normal School, Lhasa Middle School, and [words indistinct] to learn about the situation, inspect work, and see the teachers and students. [passage omitted]

Speaking at Tibet University, Comrade Hu Jintao pointed out that we must at all times fully understand the importance of education work. Education is the foundation and talent the key to building a new Tibet. We must firmly grasp this truth. Only by improving education and producing more talented people can our country and nation develop.

Hu Jintao said: It is essential to have explicit orientation and guidelines for developing education in Tibet. We must cultivate people who resolutely uphold the unity of the motherland, promote ethnic unity, possess genuine talent, and are determined to spur socialist construction in Tibet. Tibet University's plans for training talented people should be closely linked to the region's economic and social development. The students trained here should be given suitable employment, and continually satisfy the needs of social development. Teaching should be more realistic and appropriate.

Hu Jintao said: At present we must do a good job in strengthening the teaching force. Given the shortage of teachers, we must integrate [word indistinct] with teaching. We can continually send teachers into the interior for further education. At the same time teachers from

institutes of tertiary education in the interior can be brought to Tibet in a planned fashion to take up posts [words indistinct]. [passage omitted]

Yunnan Holds Spring Festival Gathering

HK0502064989 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 4 Feb 89

[Excerpts] This morning a festive atmosphere pervaded the Haigang Park in Kunming beside the Dianchi Lake. More than 3,000 retired cadres and figures of various sectors gathered together to celebrate the arrival of the Year of the Snake. [passage omitted]

He Zhiqiang, deputy secretary of the provincial party committee and governor, wished everyone a happy new year and extended regards. He said that 1988 was a year in which Yunnan's economy recorded sustained development and all undertakings scored new achievements. Industrial output value rose by 3 billion yuan compared with 1987, while grain output rose by 50 million kg. Local financial revenue increased by over 1 billion yuan. Average net peasant income exceeded 400 yuan for the first time. [passage omitted]

The function was attended by responsible persons of the provincial party committee Pu Chaozhu, Liu Shusheng, Zhao Shumin, Qiu Chuangjiao, Zhu Kui, Yin Jun, Zhao Kun, Bao Yongkang, and Ren Keli. [passage omitted] Also present were responsible comrades of PLA units stationed in Kunming, including Wang Zuxun, Xun Youming, (Wang Chunrui), (An Jinye), and others. [passage omitted]

Yunnan Prefecture Leaders Unhappy on Grain Issue

HK0402021789 Kunming Yunnan Provincial Service
in Mandarin 1100 GMT 3 Feb 89

[Text] A number of autonomous prefectural governors and prefectural commissioners in Yunnan are extremely unhappy over certain problems in agricultural production at present. They have appealed to the departments concerned to do more practical work and come out with less empty talk so as to attain a new level in grain production this year.

The governors and commissioners held that as a result of relaying and implementing the guidelines of the national and provincial planning conferences and rural work conferences, all levels from top to bottom have started to pay attention to agricultural production, especially grain. However, in some localities and departments there is a great deal of talk and propaganda but little real action. In particular, there is little attempt to help the grass roots to resolve practical problems.

For instance, Chuxiong Autonomous Prefecture needs 240,000 hoes for water conservancy work and spring farming, but the departments concerned have only allocated 140,000. Earthquake-hit areas in Lincang and Simao need dynamite to rebuild farmland and water

conservancy facilities in preparation for spring farming, but cannot obtain it, and it is even more difficult for them to obtain seed grain and chemical fertilizer.

With these and other problems existing, the governors and commissioners held that the province can hardly attain the target of 10 billion kg of grain this year if this situation goes on. They expressed the hope that the departments at all levels will take practical action to show concern for agricultural production and do a good job in helping the rural areas to resolve some practical problems.

North Region

Beijing Ceremony Mourns Panchen Lama's Death

OW0402015689 Beijing XINHUA in English
1320 GMT 3 Feb 89

[Excerpt] Beijing, February 3 (XINHUA)—The president of the Chinese Buddhists' Association, Zhao Puchu, today attended a ceremony at the Guangji Temple in Beijing—headquarters of the association—to mourn the passing of the Panchen Lama.

In speech delivered in the Memorial Hall of the Temple, the 82-year-old Zhao said the Panchen Lama passed away unexpectedly at the peak of his life and career and all Buddhists in China were greatly shocked and upset.

Over the past ten years, Zhao noted, the policy of freedom in religious belief has been restored in China and the Panchen Lama, as the honorary president of the association, had always given great support to the association's activities.

To help implement the policy, Zhao continued, the Panchen Lama and he had put forward many suggestions to the government. These suggestions, whether on the promulgation of laws or on the restoration of important religious sites, were all well received and supported by the central government.

Zhao noted that in the past few years Buddhism had greatly developed in China thanks to the direct leadership and concern of the Panchen Lama, who had exerted himself to the utmost to maintain the unity of the country and all nationalities, to build a united, prosperous and civilized socialist new Tibet, to further the country's religious and nationality policies and to safeguard world peace.

In doing all this, the Panchen Lama had exercised his advantages as a religious leader to the full, Zhao said.

Zhao called on Buddhists throughout China to follow the Panchen Lama's example and do their best for China's modernization, for the peaceful reunification of the country and for world peace.

Zhao joined over 200 monks and nuns in reciting sutras and praying for the early reincarnation of the Panchen Lama.

This marked the end of the three-day mourning service in Beijing. [passage omitted]

Beijing's Chen Xitong Speaks on Tax Revenues

SK0502234989 Beijing BEIJING RIBAO

in Chinese 14 Jan 89 p 1

[Text] By collecting a total of 15.04 billion yuan of taxes of various kinds, the municipality has overfulfilled all tax revenue plans for 1988—that is, an increase of 910 million yuan, or a 6.4 percent increase, over the previous year. This information has been obtained from the Beijing municipal tax work conference, which has just ended.

According to information, of these tax revenues the local industrial and commercial tax revenues were 6.708 billion yuan, 858 million yuan more than the budgeted figure, or a 22.4 percent increase over the previous year; income taxes delivered by the local state-owned enterprises were 1.47 billion yuan, 113 million yuan more than the budgeted figure, or a 21.5 percent increase over the previous year; and the funds collected for building key local energy and communications projects were 940 million yuan, 342 million yuan more than the budgeted figure, or a 6.8 percent increase over the previous year.

At the municipal tax work conference, Mayor Chen Xitong again stressed the importance of the tax collection work. He said: Governments must have their own financial superiority. Governments must depend on tax revenues to accumulate money and depend on the development of production to collect more taxes. By collecting all taxes which should be collected, governments will be able to do more things for the people.

Referring to the tax collection work for this year, Chen Xitong pointed out: Tax departments should implement the principles of improving the economic environment, rectifying the economic order, and comprehensively deepening reform; collect taxes according to laws; and strengthen management of tax revenues. These departments should emphasize the role of tax revenues as an economic lever and promote the development of enterprises' production and the improvement of enterprises' economic efficiency. The departments should solve the problem of unfair distribution. At the same time, they should use tax revenues as an economic lever to readjust the economic structure in order to further rationalize the structures of industries, products, and enterprises. Support should be given to those enterprises that have good economic efficiency and a bright future, and no tax reductions should be given to those enterprises that are inefficient and unable to maintain production by depending on tax reductions and exemptions.

Zhang Jianmin, vice mayor of Beijing Municipality, and Niu Licheng, deputy director of the state Taxation Bureau, also spoke at the conference.

Inner Mongolia's Wang Addresses Planning Forum

SK0502052889 Hohhot NEIMENGGU RIBAO

in Chinese 15 Jan 89 p 1

[Excerpts] During the regional work conference on planning, financial affairs, system reforms, science and technology, and technical renovations, leading personnel of the autonomous regional party and government organs heard reports given by Hulun Buir League and Wuhai City on their pilot work done over the past year in conducting reforms. After hearing the reports, these leading personnel fully acknowledged the achievements scored by the league and the city and stressed that the work of improving the environment and rectifying order does not mean a retreat or standstill and that it is imperative that the principle of opening up to the outside world and enlivening the economy be upheld, that the opportunity to readjust the economic structure be seized, and that exploration and experiment be conducted boldly so as to pave a new road for economic development.

Leading personnel attending the report meeting included Wang Qun, Bu He, Zhang Dinghua, Qian Fenyong, Batubagen, Liu Yunshan, He Yao, Zhang Cangong, Pei Yingwu, Liu Zuohui, Alatanaoqier, and Tu Ke. Bu He presided over the report meeting. [passage omitted]

After hearing the reports, leading personnel, including Wang Qun and Bu He, delivered speeches in which they fully acknowledged the work done by the league and the city which had taken up the pilot work of reform. They expressed satisfaction with the achievements and instructed the relevant departments of the regional people's government to study the problems which have arisen in their pilot work and the demands proposed by them and to handle these problems and demands as soon as possible.

In his speech, Wang Qun, secretary of the autonomous regional party committee, stated: The achievements scored by the league and the city in their pilot reform work are not only due to the effort made by the league and the city, but also cannot be separated from the support and assistance given by the autonomous regional people's government and the relevant departments. We should acknowledge this. He urged the league and the city that have taken up pilot reform work to continue to carry forward their achievements, to actively make progress, and to experiment boldly. He continued: In line with the spirit of the 3d Plenary Session of the 13th CPC Central Committee, efforts should be made to unite the work of improving the environment and rectifying order with that of deepening the reform drive. We must rely on the work of deepening the reform drive to improve the environment and rectify order and must uphold the principle of opening up to the outside world

and enlivening the economy. The work of improving the environment and rectifying order does not mean a retreat or standstill but represents a favorable opportunity for readjustment. We must seize the opportunity to further emancipate our minds, continuously and actively conduct exploration and experiment, and pave a new road of economic development while conducting readjustment.

In his speech, Comrade Wang Qun cited the task of further delegating power to grass roots levels and stated: We should delegate all power as long as it is under the autonomous regional authorities. It can be delegated to grass roots levels, and it is favorable for developing productive forces. However, we must centralize or unify the power that deserves to be centralized and enhance leadership over the exercise of power. We must consistently follow this principle to study and deal with problems so as to promote the experimental zones to achieve healthy development in their reform work.

Wang Qun at Inner Mongolia Press Gathering
SK0502024889 Hohhot Inner Mongolia Regional
Service in Mandarin 2300 GMT 3 Feb 89

[Excerpts] On the morning of 3 February, the Propaganda Department of the regional party committee held a tea party to welcome the Spring Festival. The comrades of the central press units stationed in Inner Mongolia and the region's radio, television, and press units happily gathered under the same roof to bid farewell to the outgoing year and celebrate the Lunar New Year and chatted happily with each other.

Regional party and government leaders present at the tea party included Wang Qun, Bu He, Zhang Dinghua, Shi Shengrong, Wen Jing, and Liu Yunshan, and responsible comrades of the Propaganda Department of the regional party committee. [passage omitted]

Comrade Wang Qun pointed out at the tea party: With good conditions and a good foundation, Inner Mongolia has great prospects and great potential. In line with the guidelines set forth at the 13th party congress and the guidelines of the 3d Plenary Session of the 13th CPC Central Committee, we should further do a good job in improving the economic environment, rectifying economic order, and deepening reforms. We should rely closely on the concerned efforts of more than 20 million people of various nationalities in the region to rejuvenate Inner Mongolia.

Comrade Wang Qun said: The press work is the mouthpiece of the party and the people, so press circles should bring this role into better play. They should unswervingly disseminate the party's line, principles, and policies and justly and forcefully disseminate our great achievements. Press circles should bring into full play the media's functions of guiding and supervising. They should also bravely expose and criticize serious problems

on the premise of being conducive to developing productive forces; promoting stability and unity; safeguarding the overall situation; promoting the reform and opening work; implementing the party's basic line, principles, and policies; and rejuvenating Inner Mongolia.

Inner Mongolian Procurator Presents Report
SK0502040689 Hohhot NEIMENGGU RIBAO
in Chinese 26 Dec 88 p 2

[Excerpts] On the morning of 25 December, at the Fourth Standing Committee Meeting of the Seventh Inner Mongolia Autonomous Regional People's Congress, Zhang Hesong, chief procurator of the regional People's Procuratorate, made a report on the regional situation in dealing blows to serious economic crimes.

Zhang Hesong said: At the 21st Standing Committee meeting of the 6th regional People's Congress, Comrade Wang Linzhong, chief procurator of the previous regional People's Procuratorate, made a report on the situation of dealing blows to serious economic crimes prior to 1986. Today, I would like to make a report on the situation of dealing blows to economic crimes, such as graft and bribery, since 1986. Zhang Hesong said: From 1986 to October 1988, procuratorial organs throughout the region placed 1,325 cases of economic crime on file for investigation and prosecution. Of these cases, 314, or 220 percent of the total during the previous 4 years, were major and appalling crimes. These cases also included 951 cases of graft and 142 cases of bribe-taking. Of the graft cases, 236 involved 10,000 yuan or more, and of the bribe-taking cases, 16 were cases involving 10,000 yuan or more each, accounting for 190 percent of the total during the previous 4 years. At the same time, procuratorial organs throughout the region imposed punishment on 1,577 persons who were guilty of economic crime, of whom 255 were party members and 848 were state functionaries. Some 7.8 percent more state functionaries were guilty of economic crimes than in the previous 4 years. Through handling economic crime cases, procuratorial organs in the region retrieved 19.69 million yuan worth of direct economic losses, accounting for 230 percent of the total sum of economic losses retrieved during the previous 4 years. This contributed to defending and promoting the smooth progress of the region's reform and construction.

To further mobilize and depend on the masses to deal strict blows to serious economic crimes, procuratorial organs at all levels in the region have, since July, conducted activities to encourage the masses to report economic crimes. This activity, under the leadership, supervision, and support of the party committees, people's congresses, and governments, has achieved initial results. Thus far, 51 procuratorates in 45 banners, counties, and districts of the region's 6 leagues and cities have set up crime control centers. Over the past 4 months, these crime control centers have accepted and handled 993 cases which were reported by the masses, of which

219 were clues for graft cases, 76 were clues for bribe-taking cases, and 16 were clues for other kinds of crimes. Thus far, 45 economic cases reported by the masses have been placed on file for investigation, including 18 cases that involved 10,000 yuan or more each. These cases have enabled the region to retrieve more than 350,000 yuan in economic losses. [passage omitted]

After analyzing the region's economic crimes, Zhang Hesong talked about the characteristics of these cases in his report. These characteristics are:

1. Of the various kinds of economic crimes being investigated and handled, 82.5 percent are cases of graft and bribery. Of the major and appalling cases, 80 percent are cases of graft and bribery, with more of the former than the latter. [passage omitted]

2. Of the persons guilty of economic crimes who have already been punished, 53.8 percent are state functionaries. Of those guilty of graft and bribery, 90 percent are state functionaries, including 22 cadres at or above the county and section levels and 1 cadre at the city level. [passage omitted]

3. Graft and bribery cases have taken place primarily in the economic sphere and in state economic and administrative activities. Of the graft and bribery cases involving 5,000 yuan or more that have been ferreted out and handled since 1986, 86.8 percent have taken place in industrial and communications, commercial, supply and marketing, banking, construction, grain, and goods and materials departments as well as in administrative organs. [passage omitted] The overwhelming majority of persons guilty of graft and bribery are those who grasp real powers in managing manpower, finance, and materials. [passage omitted]

4. The cases of abusing powers to ask for and accept bribes under all sorts of pretexts are conspicuous. There is a universal situation in which the state functionaries take advantage of the opportunity of managing scarce commodities and materials to wantonly extort and accept money and materials from others under the pretext of collecting "retention fees," "service charges," "gratuities," or "commissions." [passage omitted]

5. The situation of taking advantage of opportunities of reform, opening up, and economic invigoration to engage in profit-making or illegal dealings with public funds is extremely serious. [passage omitted]

6. Using "official titles" to line their pockets with public funds is a new form of economic crime by state functionaries. Over the past few years, some state organs and institutions have utilized certain powers and positions to engage in speculation and profiteering. A few state functionaries have used their official titles to line their pockets with public funds.

7. There is a trend whereby the persons guilty of graft and bribery have become younger and younger. This should attract our attention. According to the analysis of the graft and bribery cases involving 5,000 yuan or more since 1986, the average age of persons guilty of such crimes was 43 in 1986, 37 in 1987, and 35 in the first 10 months of 1988. [passage omitted]

In his report, Zhang Hesong stated that the focus of work by procuratorial organs at all levels in the region in 1989 remains the endeavor to deal blows to graft and bribery cases.

Inner Mongolian Court's Trial Record Presented
SK0502031289 Hohhot NEIMENGGU RIBAO
in Chinese 26 Dec 88 p 1

[Excerpts] On the morning of 25 December, Yang Dalai, president of the autonomous regional Higher People's Court, delivered a report at the fourth meeting of the seventh autonomous regional People's Congress Standing Committee on the work of bringing serious economic crimes to trial.

In his report, Yang Dalai first described the basic situation in bringing serious economic crimes to trial and stated: From January 1982 to October 1988, people's courts at all levels throughout the region accepted 5,603 cases of economic crimes, which involved 6,874 persons. Of these cases, 2,908, or 52 percent, involved theft of public funds and materials; 1,321, or 23.6 percent, involved embezzlement; and 464, or 8.3 percent, involved swindling public funds and materials. Some 237, or 4.2 percent, involved illegal felling of trees; 232, or 4.1 percent, involved the manufacture of and trafficking in narcotic drugs; 190, or 3.4 percent, involved speculation and profiteering; 142, or 2.5 percent, involved seeking and receiving bribes; 22, or 0.4 percent, involved tax evasion; and 87, or 1.6 percent, involved other crimes.

Through persistently making efforts during the period, the people's courts dealt with 5,569 cases, accounting for a 99-percent rate of winding up cases, and declared 6,702 convicts guilty. Of these convicts, 79, or 1.2 percent, were sentenced to death, the death penalty with a temporary suspension of the execution, or life imprisonment; 495, or 7.4 percent, were sentenced to more than 10 years' imprisonment; 1,162, or 17.8 percent, were sentenced to 5-10 years' imprisonment; 4,769, or 71 percent, were sentenced to less than 5 years' imprisonment or confinement to reformatories; and 197, or 3 percent, were exempted from criminal punishment. Through bringing the cases to trial, more than 30 million yuan in economic losses by state-run collectives was recovered.

In his report, Yang Dalai then described the situation in bringing major and appalling cases to trial and stated: According to the spirit of the central directive, people's

courts at all levels throughout the region, particularly the higher and intermediate people's courts, have vigorously brought major and appalling cases to trial.

Crimes of stealing public funds and property that had been brought to trial were very serious, and a tremendous amount of money was involved in these cases. Over the past 7 years, they sentenced 20 convicts to the death penalty. [passage omitted]

Our region is an important base for animal husbandry in the country and always regards as a focal point the work of dealing blows to the crime of stealing animals. Over the past few years, the region sentenced to death 15 convicts in this regard. [passage omitted]

Prominent crimes of swindling involve some "dummy" companies that have adopted the method of signing fake contracts to defraud particularly large-volume enterprises of their money. Thus, some units have been fooled and unable to recover their lost money and have suffered serious losses in terms of their public property. Over the past few years, the region sentenced 12 convicts to life imprisonment, the maximum penalty set forth by the law. [passage omitted]

Major and appalling cases concerning embezzlement and accepting bribes continue to occur. Of 1,321 cases concerning embezzlement that were concluded, 181, or 14 percent, involve more than 10,000 yuan of illicit money. [passage omitted]

Over the past few years, two cadres at or above the county-regiment level who have committed the crime of embezzlement have been imprisoned. [passage omitted]

Over the past years, these people's courts have not accepted many cases of speculation and profiteering. [passage omitted]

After citing in his report the work of strictly drawing a demarcation line between guilty and innocent while trying the cases, Yang Dalai expounded on the following issues which merit attention: 1) More cases have been dealt with by replacing penalties with fines. 2) More personnel from banks and credit cooperatives have committed crimes. This means that the proportion of economic crimes committed by personnel from the banking front is larger than that of other fronts. 3) More cases involve the crime of internal and external collaboration. 4) More cases have been dealt with by temporarily suspending the execution of a sentence.

In his report, Yang Dalai also put forward demands on the people's courts at all levels throughout the region to deeply launch a strict struggle against economic crimes and serve the tasks of improving the economic environment and rectifying economic order.

Inner Mongolia Improves Economic Environment

SK0502041489 Hohhot NEIMENGGU RIBAO

in Chinese 7 Jan 89 p 1

[Excerpts] Since last October, the region has conscientiously implemented the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and, proceeding from the specific local situation, has adopted a series of measures to improve the economic environment. As a result, some abnormal phenomena existing in the first three quarters of last year have been corrected somewhat.

1. The trend of "overheated growth" in industrial production in some localities has begun to change. In the third quarter of last year, the increase rate of regional industrial production reached 15.8 percent, of which the increase rate in Chifeng City's industrial production was 19.8 percent and that of Hohhot City and Bayannur League exceeded 20 percent. Last October, the increase rate in some localities slowed steadily. Comparing October to September, the increase rate of industrial production in Chifeng City and Bayannur League declined by 10 percent, and that of the entire region declined by 5.25 percent. Last November, the region's industrial production increased by only 6.45 percent over the same month of the previous year.

2. The trend of panic buying on markets has calmed down, and the residents' "overheated" consumption has begun to cool down. Since last October, various localities and departments have adopted a series of measures to stabilize commodity prices and the people's emotions. As a result, the panic urban dwellers felt with regard to the sustained price hikes and the trend of panic buying has become generally calm, and market buying and selling have gradually normalized. Last October, the total volume of retail sales of consumer goods dropped by 116 million yuan from the same period of the previous year, of which the total volume of retail sales of consumer goods of residents dropped by 114 million yuan. Last November, the total volume of retail sales of consumer goods decreased by 106 million yuan from last September, of which the total volume of retail sales of consumer goods of residents decreased by 91 million yuan.

3. The situation of the urban residents' average spending for living expenses increasing faster than their average income has begun to change. Along with the gradual cooling of panic buying on markets, the residents' consumption has gradually returned to normal. [passage omitted]

4. Savings deposits of urban and rural residents have picked up rapidly. Banking departments have adopted the method of establishing value-guaranteed time deposits and have positively conducted the activity of giving expensive commodities to savings depositors on a reward basis. As a result, the savings deposits of urban residents showed a net increase of 110 million yuan in October, approaching a normal monthly increase rate.

Meanwhile, savings deposits of peasants and herdsmen also showed a net increase of 29.72 million yuan, reversing September's "sloping" trend. At the end of November, savings deposits of urban and rural residents increased by 7.8 percent over the same period of the previous year.

5. Expenses for administrative fees have decreased. Governments at all levels in the region have strictly consolidated various kinds of corporations, societies, and associations with a view to curbing administrative expenses. In October, administrative expenses throughout the region amounted to 41 million yuan, 10 million yuan less than in September. At the same time, banks' expenses pertaining to administrative enterprises decreased by 40 million yuan from September.

Inner Mongolia Marketable Grain Base Output
SK0502020289 Hohhot NEIMENGGU RIBAO
in Chinese 13 Jan 89 P 1

[Excerpts] Our region achieved splendid results in building marketable grain bases. Last year a total of more than 23 million mu of grain and oil-bearing crops were sown on land within the scope of the bases, and the total output may reach 4.63 billion kg. It is expected that some 1.72 billion kg of marketable grain will be sold to the state. These marketable grain bases only accounted for 43 percent of the region's total grain field areas; however, they produced 63 percent of the region's grain output and about 75 percent of the marketable grain.

Our region started to build marketable grain bases quite early. On the basis of trying out this work in four banners and counties and two townships in 1982, the regional party committee and government issued a decision in 1983 on concentrating a definite amount of funds on building marketable grain bases in banners, counties, townships, and towns that had the necessary food, water, and soil conditions; those that had great potential for increasing grain output; and those that had a high rate of grain sold as commodities. This work has been carried out for 6 years, during which financial departments at all levels invested a total of 148 million yuan. By 1988, 16 banners and counties and 95 townships and towns had built marketable grain bases. [passage omitted]

Of the total investment in building marketable grain bases, 28.1 percent came from the state; 65.3 percent came from the autonomous region; and 6.6 percent came from leagues, cities, banners, and counties. [passage omitted]

In order to strengthen the development and construction of grain production, this year our region will expand the scope of building marketable grain bases. The number of marketable grain base banners and counties will increase from 16 to 18 and that of grain base townships and towns will increase from 95 to 145. This work is being planned and arranged. [passage omitted]

Tianjin's Li Ruihuan Talks With Model Workers
SK0502014289 Tianjin City Service in Mandarin
2300 GMT 1 Feb 89

[Text] The small theater of the first municipal workers' cultural palace was full of joy, laughter, and festive gaiety on 1 February.

At a forum to welcome Spring Festival, some municipal leaders, including Li Ruihuan, secretary of the municipal party committee and mayor of the municipality, held cordial talks with more than 200 representatives of model workers. They talked about the great changes in Tianjin brought about by reforms and opening to the outside world and extended cordial regards and heartfelt thanks to the workers.

Li Ruihuan said: The current situation in Tianjin was created thanks to the enthusiastic and vigorous efforts of the broad masses of people, particularly the able ranks of the working class. They have made outstanding achievements in developing and building Tianjin. With the enthusiasm, intelligence, and ability of the working class, we are confidently facing the arduous tasks in the new year and consolidating and developing the gratifying situation in Tianjin.

(Zhang Shilun), a municipal special-class model worker and director of the (Laobao) rubber plant, first introduced the changes that took place in the plant through carrying out the work method of mass operation.

When they talked about the current market prices and the better supply situation, Li Ruihuan added: The municipal government decided that from 2 February, in line with the market situation, the municipality shall set a ceiling on the price of vegetables, including off-season vegetables. State and collective shops and farm product markets that hit the price ceiling in violation of regulations should be called to account. Mayor Li's statement gave rise to warm applause.

(Liu Zhenyu), a worker from the third vehicle transportation plant, asked questions about the model workers' housing distribution and pension.

After consulting with other leaders at the forum, Li Ruihuan decided that the municipal trade union council and relevant departments should immediately try to solve the questions about pensions, and the municipality shall carry out the pension system in line with regulations in order to ensure the distribution of pensions according to a fixed schedule. In line with the regulations made by the municipal government, the municipality shall conscientiously solve the model workers' housing problems.

It was a lively forum. Model workers vied with each other to make speeches.

(Wang Jinda), director of the municipal first aid medical research institution, called for installing telephones for first aid use for the patients' convenience. He also said that 22 hospitals in the municipality currently have first aid centers.

After hearing this, Mayor Li Ruihuan said gladly: This is a good suggestion. The municipal government shall conscientiously think about it. It can be regarded as the major orientation for listing the municipal government's 1989 program for improving the livelihood of urban and rural people.

Municipal leaders who were present at the forum were deeply touched by what the model workers' said. Municipal leaders made impromptu speeches, talked freely about their experiences, extended Spring Festival regards to all staff and workers throughout the municipality, and urged them to make new contributions in the new year.

On behalf of the All-China Federation of Trade Unions, Zheng Wantong, vice president of the federation, extended festive greetings to all model workers and the entire staff and workers throughout the municipality and expressed thanks to the municipal party committee and the municipal government for their support of the work of trade union councils and their concern for model workers.

Li Ruihuan concluded that last year was not an ordinary year and that it was a year in which the municipality made breakthroughs in various fields despite repeated difficulties.

Li Ruihuan said: Reform represents the people's basic interests. The role of the working class as master of the country should be prominently determined, not weakened, through reform. The situation in Tianjin over the past few years has been comparatively good primarily because we persist in doing everything for the people and relying on the people to do everything. From now on, we should always observe this basic guiding ideology.

While touching on future tasks, Li Ruihuan said: This year, we should further implement the guidelines of the 3d Plenary Session of the 13th CPC Central Committee and the municipal party committee's work principle for tightening expenditures, ensuring supply, balancing the relationship, and stabilizing the situation and should arouse and bring into play the enthusiasm of all people in the municipality.

Other leaders attending included Wu Zhen, Zhang Zaiwang, Nie Bichu, Liu Jinfeng, Wang Xudong, Huang Yanzhi, Zhang Lichang, Li Fufen, Pan Yiqing, Xiao Yuan, and Xu Ming.

Northeast Region

Heilongjiang's Sun Weiben Mourns Panchen Lama
SK0502021289 Harbin Heilongjiang Provincial
Service in Mandarin 2200 GMT 3 Feb 89

[Excerpt] On the afternoon of 3 February, the province and Harbin City held a joint ceremony to mourn the unfortunate death of Bainqen Erdini Qoigyi Gyaincain, vice chairman of the NPC Standing Committee and an outstanding leader of Tibetan Buddhism in China.

Leading comrades of the province and Harbin City and personages of all circles participating in the ceremony recalled Great Master Bainqen's glorious achievements in promoting the reunification of the motherland, the unity between nationalities, and the socialist construction, and they bowed in respect to Bainqen's portrait.

Present at the ceremony were Sun Weiben, Shao Qihui, Wang Zhao, Zhou Wenhua, Chen Yunlin, Ma Guoliang, Xie Yong, Wang Jun, He Zhoulun, Zhang Ruoxian, Wang Yusheng, Du Dianwu, Zhang Li, Wang Fei, Liu Huixian, Guo Shouchang, Li Min, Fu Shiyang, Wang Rensheng, Shan Rongfan, Li Jiating, and Feng Shoutian. Also attending were Chen Lei, member of the Central Advisory Commission; Li Jianbai, member of the NPC Standing Committee; and Hong Jing, member of the National CPPCC Committee.

Also present at the ceremony were responsible persons of the united front work departments under the provincial and Harbin City party committees, the provincial and Harbin City democratic parties, relevant mass organizations, and the bureau of religious affairs under the provincial government, as well as personages of religious circles. [passage omitted]

Sun Weiben at Heilongjiang Spring Festival Soiree
SK0502003889 Harbin Heilongjiang Provincial
Service in Mandarin 1000 GMT 1 Feb 89

[Report on the opening of the Spring Festival soiree for Heilongjiang provincial leaders and representatives of advanced figures from various circles in Harbin on 1 February—recorded]

[Excerpt] This afternoon, the ballroom on the third floor of the Harbin City Workers' Cultural Palace was permeated with the sound of songs, applause, and laughter. Some provincial leading comrades and representatives of advanced figures from various circles gathered here to participate in the Spring Festival soiree.

Provincial leading comrades, including Sun Weiben, Shao Qihui, Wang Zhao, Wang Luming, Zhou Wenhua, Chen Yunlin, Ma Boliang, Xie Yong, Zhang Xiangling, Wang Jun, He Shoulun, Zhang Ruoxian, Ji Hua, Du Dianwu, An Zhendong, Du Xianzhong, Huang Feng,

Dai Moan, Zhang Li, Wang Fei, Liu Huixian, Guo Shouchang, Li Min, Jin Xiaozhen, and (Jin Lianqi); Chen Lei, member of the Central Advisory Commission; Li Jianbai, member of the NPC Standing Committee; and Hong Jing, member of the Standing Committee of the CPPCC, shook hands with the scores of representatives of advanced figures from various circles and paid Spring Festival calls on each other. Shao Qihui, deputy secretary of the provincial party committee and acting governor of the province, made a speech at the soiree. [passage omitted]

Jilin's He Zhukang Attends Appointment Ceremony
SK0502010889 Changchun Jilin Provincial Service
in Mandarin 1030 GMT 1 Feb 89

[Text] Through equal competition and strict examination and appraisal, four comrades—(Dai Yuechang), (Wang Weizhou), (Wang Xiyue) and (Liu Yuqun)—were appointed deputy directors of the provincial communications and judicial departments, respectively.

The provincial party committee and government held a ceremony this afternoon to publicly appoint the deputy directors of the provincial communications and judicial departments. This was the first time our province has publicly selected cadres at the deputy department director level. Last November, when the news of public selection of cadres was issued through press circles, strong repercussions were evoked throughout the province. More than 40 persons signed up for the posts. Through written and oral examinations and through public replies and debates, the departments concerned strictly appraised four outstanding cadres.

Leading comrades of the provincial party committee, the provincial Advisory Commission, the provincial People's Congress, the provincial government, and the provincial CPPCC Committee, including He Zhukang, Wang Zhongyu, Zhang Fengqi, Huo Mingguang, Du Qinglin, Xiao Chun, Gao Wen, Gao Yan, and Feng Ximing, attended the appointment ceremony.

Acting Governor Wang Zhongyu announced the order issued by the provincial government on appointing the deputy directors of the provincial communications and judicial departments and presented the appointment certificates to them.

He Zhukang, secretary of the provincial party committee, attended and addressed the ceremony. He expressed the hope that those comrades who have been appointed to the posts would work diligently and make contributions in their new posts and that they will advance in a pioneering spirit.

He said: The method of selecting cadres at the deputy department director level through examination and investigation has had a very good effect on society. The practice of publicly selecting cadres has fully showed that persisting in accelerating the cadre reform system will

help us create a new situation in cadre work and a good environment for discovering, selecting, and using competent personnel. Party committees at all levels should consider the reform of the cadre system as one of the important tasks in political structural reform and should grasp it conscientiously. In addition to introducing the competition mechanism in selecting leading cadres, we should also do so in selecting ordinary cadres. In the future, the provincial authorities should take the lead in selecting cadres through public examinations and strict appraisals, gradually standardize and institutionalize this work, and deepen the reform of the cadre system.

More than 200 persons from the relevant departments of the provincial party committee and government attended the appointment ceremony.

Jilin Congress Committee Okays Personnel Changes
SK0502235789 Changchun JILIN RIBAO in Chinese
22 Jan 89 p 1

[Text] The following are personnel changes approved by the Seventh Meeting of the Seventh Jilin Provincial People's Congress Standing Committee on 21 January:

Xu Honglin was appointed director of the provincial personnel affairs department.

Liu Yazhi was appointed director of the provincial labor affairs department.

Wang Fuyuan was appointed chairman of the provincial physical culture and sports commission.

Du Zhaoqing was dismissed from his post of chief procurator of the Jilin City People's Procuratorate and was appointed deputy chief procurator of the Jilin Provincial People's Procuratorate and member of the provincial procuratorial committee.

Jilin Relays National Legal Work Meeting Spirit
SK0602021589 Changchun Jilin Provincial Service
in Mandarin 2200 GMT 30 Jan 89

[Excerpts] On 29 January, the provincial party Standing Committee sponsored a meeting to hear the report on relaying the spirit of the national political and legal work conference and to analyze and study measures for further enhancing the political and legal work needed to stabilize the public security situation.

It was agreed at the meeting that our province has continuously enhanced its political and legal work and kept the political and public security situations more

stable than before. However, we must note that unstable factors in the society at present are many, the number of major and appalling criminal cases continues to increase, criminal activities are rampant, social evil phenomena continue to spread, and the social public security situation is quite serious. We must fully estimate the situation and remain sober-minded. Party committees and governments at all levels should uphold the principle of grasping both construction and legal systems as well as pay great attention to or enhance the political and legal work. Public security problems are the comprehensive reflection of various social contradictions. It is imperative to arouse the forces of the entire party and society to carry out comprehensive consolidation.

It was stressed at the meeting that the current work of consolidating public security should proceed from the local actual situation. We must eradicate the core problem, organize all forces, and arouse the masses to deal centralized blows at crimes and conduct centralized consolidation. First, we should successfully maintain public security among large and medium-sized enterprises, along major traffic lines, and in difficult or poor areas. [passage omitted]

It was stressed at the meeting that efforts should be made to further enhance the building of the political and legal work cadres' contingent, launch a struggle against corrosive influences and privileges, upgrade the public servants' sense of duty, and uphold the principle of having government personnel and policemen perform their official duties honestly. [passage omitted]

It was stressed at the meeting that during the crucial period of deepening the reform drive in an overall way, it is imperative to enhance the party leadership over the political and legal work and to refrain from weakening it. [passage omitted]

Attending the meeting as observers were principal responsible comrades from the provincial Advisory Commission, the provincial People's Congress, the provincial people's government, and the provincial CPPCC Committee; members of the political and legal work leading group under the provincial party committee; and responsible comrades from the relevant departments under the provincial party committee and the provincial people's government.

Liaoning Secretary at Spring Festival Tea Party
*SK0502015289 Shenyang Liaoning Provincial
Service in Mandarin 2300 GMT 1 Feb 89*

[Text] With a feeling of festive joy, the Liaoning Provincial CPC Committee sponsored a tea party on the afternoon of 1 February on the occasion of Spring Festival. It was attended by personnel from literary and art circles, including noted artists, actors, and actresses.

Quan Shuren, secretary of the provincial party committee, attended and addressed the party. In his speech he urged literary and art workers to actively plunge into the powerful current of the times of conducting reform and construction, opening up to the outside world, and building the four modernizations. Efforts should be made to integrate individual artistic pursuits with the historical movement of national rejuvenation and to use their high-quality artistic creation to promote the emergence of ideals for building the four modernizations and making China prosperous; to enhance the cohesive strength of the entire nation; and to foster healthy, civilized, democratic, and peaceful social morale.

In his speech, he urged literary and art workers to always maintain a firm basis—the artistic intuitive knowledge—when encountering any storm. He expressed the hope that in 1989 it would be possible for the province's artistic creation to include a large number of wonderful works which do not let the people down and are relevant.

The tea party was held in a warm, joyful, and enthusiastic atmosphere. During the party, Fang Guoda, director of the provincial cultural bureau; (Li Shuxian), chairman of the provincial federation of literary and art circles; and (Bin He) and (Fang Renzhong), vice chairmen of the provincial writers' association, delivered speeches in which they reviewed the rich achievements scored by the provincial cultural front in 1988.

The province's noted actors, singers, and opera actors and actresses presented a colorful performance at the party.

Attending the tea party were leading comrades from the provincial party committee, the provincial Advisory Commission, the provincial people's government, and the provincial CPPCC Committee, including Wang Jilu, Wang Chonglu, Wang Wen Yuan, Shen Xianhui, Liu Yiyun, and Luo Dingfeng.

Quan Shuren at Liaoning Retired Cadres Party
*SK0402035289 Shenyang Liaoning Provincial
Service in Mandarin 1030 GMT 3 Feb 89*

[Text] On the afternoon of 3 February, the province and the Shenyang Military Region cosponsored a tea party to welcome Spring Festival, with the participation of veteran comrades.

At the tea party, new and veteran leaders happily gathered under the same roof to celebrate Spring Festival. On behalf of Liaoning Province and the Shenyang Military Region, Quan Shuren, secretary of the provincial party committee, and Liu Jingsong, commander of the Shenyang Military Region, cordially extended festive greetings to the former leaders of the provincial party committee and the Shenyang Military Region and wished them a long life.

Quan Shuren and Liu Jingsong also introduced to veteran comrades the current economic situation and the

development of the two civilizations by the PLA unit-sand localities, and expressed thanks to the veteran comrades for their contributions to the army and local construction.

Among those invited to attend the tea party were former leading comrades of the provincial party committee and the Shenyang Military Region, including Guo Feng, Huang Oudong, Li Huang, Zhang Zhengde, Li Tao, (He Qingji), (Xu Guofu), (Zhang Cuiteng), Zou Yan, Luo Kunshan, Zhang Wu, Zheng Zeming, He Youfa, Ma Ying, and Zhai Zhongyu. Also present at the tea party were leaders of the province and the Shenyang Military Region, including Quan Shuren, Li Changchun, Liu Jingsong, Song Keda, Dai Suli, Wang Guangzong, Xu Shaofu, Wang Julu, (Li Fubo), Dai Xuejiang, Chen Suzhi, and Yu Xiling.

New Organizations Established in Liaoning

SK0502003689 Shenyang Liaoning Provincial
Service in Mandarin 2300 GMT 3 Feb 89

[Text] On 1 February Provincial Governor Li Changchun sponsored a routine work conference of the provincial government to study the issue of setting up several organizations directly under the provincial government.

The provincial government decided to establish the provincial bureau of technological supervision, which manages and organizes the province's technological supervision work in a unified, coordinated way, and the provincial state property management bureau, which exercises the right to manage state property in the province on behalf of the state. It also decided to change the Taiwan Affairs Office to the Taiwan Affairs Office under the provincial people's government.

Director Yan Mingfu Speaks to Taiwan Compatriots
*OW0402005089 Beijing Television Service
in Mandarin 1400 GMT 31 Jan 89*

[From the "Night News" program; announcer-read report over medium close-up still photographs of Yan Mingfu and Ding Guangen]

[Text] This afternoon, the CPC Central Committee's United Front Department invited Taiwan compatriots who have settled in Beijing to celebrate Spring Festival at the United Front Department.

Yan Mingfu, director of the CPC Central Committee United Front Department, delivered a speech at the get-together. In his speech Yan Mingfu extended festival greetings and cordial regards to Taiwan compatriots. He said: You have made great efforts for the great cause of reunification of the motherland. The people will not forget your efforts. Yan Mingfu expressed the hope that Taiwan authorities would not impose artificial obstacles to contacts between the common people on both sides of the Taiwan Strait and would allow two-way contacts.

It was learned that more than 400,000 Taiwan compatriots came to the mainland to visit their relatives and friends during 1988.

Ding Guangen, head of the State Council Office for Taiwan Affairs, also spoke at the get-together. He said: Let us work with concerted effort for the early realization of the great cause of reunifying the motherland.

Taiwan Affairs Office Head Meets With Reporters

Discusses Bilateral Trade
*OW0502133789 Beijing in Mandarin to Taiwan
1500 GMT 1 Feb 89*

[Text] In regard to trade with Taiwan, efforts should be made step-by-step to achieve the goal of standardization, normalization, and orderliness, said Ding Guangen, director of the State Council's Taiwan Affairs Office, at a recent forum with public news media figures in the capital. He expressed the hope that direct trade across the strait would be realized as soon as possible.

Director Ding Guangen told reporters: Promotion of economic and trade relations between the two sides of the strait is the focus of the Taiwan Affairs Office's work this year. We welcome efforts made by both sides to develop trade on the basis of equality and mutual benefit. The mainland has rich natural resources, a huge market, a comparatively high-quality labor force, and a fairly strong capability of science and technology. Taiwan has abundant funds, competent workers, and an extensive commercial network. Development of trade across the strait will benefit both sides. Many Taiwan businessmen have also noted this.

In answer to a reporter's question on the establishment of Taiwan investment and trade zones, Ding Guangen said: Some areas in the coastal development zones will be designated Taiwan investment zones. In those places, there is a better infrastructure, and it is possible to use less investment to get quicker returns.

In addition, Ding Guangen said: Consultative service on trade with Taiwan will be strengthened so as to make it more convenient for Taiwan businessmen to make trade negotiations. To sum up, we should strive to achieve gradual standardization, normalization, and orderliness in developing trade with Taiwan. Asked about the reason for the present limited transactions with Taiwan, (Chen Wenyi), deputy director of the newly established Ministry of Foreign Economic Relations and Trade's Department of Economic and Trade Relations With Taiwan, said: The key reason is that direct trade is prohibited by the Taiwan authorities. This has resulted in various disadvantages. We hope that direct trade between the two sides of the strait will develop from indirect trade at an early date. This will benefit both sides.

Comments on Exchanges
*OW0502012389 Beijing in Mandarin to Taiwan
1500 GMT 1 Feb 89*

[Text] Ding Guangen, director of the State Council's Taiwan Affairs Office, held a forum recently with public news media in Beijing. At the forum he gave a briefing on the exchanges between the two sides of the strait over the past year and answered questions posed by reporters.

At the beginning of the forum, (Sun Xiaoyu), deputy director of the Taiwan Affairs Office, said: The past year has seen new developments in relations across the strait and conspicuous progress in promoting exchanges between the two sides. Regarding visits to the mainland, last year 450,000 Taiwan compatriots came to visit relatives, to sightsee, or for business. Trade volume between the two sides exceeded \$2.4 billion last year. As for transport and postal services, two shipping routes were opened last year—one from Shanghai, the other from Xiamen, and both via Naha, Japan, to Jilong. The service via the Shanghai-Naha-Jilong route was forced to terminate, due to the high operational cost caused by the Taiwan authorities' insistence that passengers must change ships at a third port. Last year some 3.4 million letters were sent across the strait. Regarding cultural exchange, last year four troupes came to the mainland to perform, there were dozens of painting and photograph exhibitions by Taiwan artists, and many public figures and scholars from Taiwan's theatrical, literary, art, and archaeological circles came to inspect, sightsee, or visit relatives. Some Taiwan scholars took part in academic exchanges on the mainland. Meanwhile, videotapes, films, and paintings also flowed from the mainland to Taiwan. In addition, ever-increasing exchanges were conducted in the fields of sports, education, medicine, and social science.

Ding Guangen, director of the Taiwan Affairs Office, said: Such exchanges across the strait have made it possible for compatriots who have been separated for nearly 40 years to contact each other again and relate their feelings. Through these exchanges many Taiwan compatriots have felt the mainland compatriots' profound sentiments of goodwill and have seen for themselves the economic achievements achieved there. This has enabled them to share the same beliefs and understand each other still better. In fact, the ever-developing exchanges between the two sides of the strait are consistent with the desires of the people and the general trend of the times.

At the forum, Ding Guangen and (Sun Xiaoyu) also answered reporters' questions about the work of the Taiwan Affairs Office. Ding Guangen said: The Taiwan Affairs Office, established last year, is a functionary organ of the State Council. Its main functions and tasks are organizing, guiding, managing, and coordinating matters concerning Taiwan handled by pertinent departments of the State Council and various provincial, regional, and municipal governments; and supervising and checking the implementation of the principles and policies toward Taiwan by government departments at all levels. This year the Taiwan Affairs Office's main tasks are to further promote economic and trade relations across the strait, expand contacts between people on the two sides, and promote exchanges in the fields of culture, sports, science, and technology.

Also present at the forum were persons responsible for Taiwan work from departments concerned.

Fujian, Taiwan Personal Exchanges Increase
OW0402053289 Beijing XINHUA in English
1612 GMT 3 Feb 89

[Text] Fuzhou, February 3 (XINHUA)—Last year saw a remarkable increase in people-to-people exchanges between Fujian Province and Taiwan, a spokesman for the provincial government said today.

With only the Taiwan Strait between them, Fujian is the nearest mainland province to Taiwan. Many people in Fujian have relatives living or working in Taiwan, and vice versa.

The spokesman said more than 10,000 Taiwan people came to Fujian last year, visiting relatives, sightseeing or doing business; 51 people have obtained permits to cross the strait and visit sick relatives or attend funerals on the island.

Last year, businessmen from Taiwan invested 150 million U.S. dollars and established 230 joint ventures with Fujian people.

Communications have also increased. Last year, 129,000 phone calls were put through directly and more than 278,000 letters were exchanged.

Waterways have also been opened.

Zhang attributed the increased exchanges to the joint efforts of the people on both sides of the Taiwan Strait.

He said many Taiwan businessmen have realized that with their people living in a similar environment and speaking the same dialect, coastal areas in Fujian, where labor is cheap, are ideal places for them to invest.

Statistics show that a considerable number of the 100,000 Taiwan compatriots who came to Fujian came to invest or explore business prospects.

The spokesman said the development of such economic cooperation will benefit both sides.

He said that in a bid to further promote such development, it is proposed to establish economic cooperation regions in coastal areas or allocate certain regions to Taiwan compatriots to set up sole-funded enterprises.

He also said that great efforts will be made in trade, services and cultural exchanges in order to increase mutual trust and understanding.

Jiangsu Welcomes Taiwan Compatriots for Business
OW0402165589 Beijing XINHUA in English
1503 GMT 4 Feb 89

[Text] Nanjing, February 4 (XINHUA)—The governor of Jiangsu said today that Taiwan compatriots were welcome to visit relatives, travel or do business in the province, one of the most developed in China.

Gu Xiulian made the statement in an address broadcast by the radio stations of "Voice of the Straits" and "Voice of Jinling (Nanjing)" in special programs for people in Taiwan. She also described the economic development of the province in the past few years.

She said 247 overseas-funded enterprises have been set up in the province. Most of them have been very successful.

Some Taiwan compatriots, she added, have invested in major cities of the province, including Nanjing, Wuxi, Yancheng and Huaiyin, and many have made business visits. Last year the volume of contracted trade reached more than 90 million yuan.

The woman governor pointed out that Jiangsu is rich in labour and very strong in scientific research and industrial processing.

She said her province will extend favorable terms to investors. Irrespective of whether they bring materials for processing, samples for production or parts for assembly, their rights and benefits will be assured.

She also told Taiwan compatriots that the province will hold its third foreign trade talks in Nanjing between February 27 and March 8 and expressed the hope that more Taiwan businessmen will come.

Liaoning Officials, Taiwan Businessmen Hold Talks

*SK0502004289 Shenyang Liaoning Provincial
Service in Mandarin 1030 GMT 31 Jan 89*

[Text] The provincial Foreign Economic Relations and Trade Commission and the Taiwan Affairs Office sponsored a meeting on the afternoon of 31 January at the meeting hall of the provincial Advisory Commission. The meeting was on economic exchanges between the province and Taiwan.

Attending the meeting were leading comrades from the provincial party committee and people's government, including Sun Qi and Chen Suzhi, and responsible comrades from relevant departments. More than 20 personages of Taiwan enterprise circles and entrepreneurs whose native place is Taiwan were invited to the meeting.

During the meeting the participants spoke glowingly of the economic situation on both banks of the Taiwan Strait. Participating leading personnel also solicited opinions and suggestions from these personages and entrepreneurs on developing or building Liaodong Peninsula, informed them about the province's investment climate, and answered questions they raised.

Naval Force on Alert During Lunar New Year

OW0402194589 Taipei CNA in English 1536 GMT
4 Feb 89

[Text] Kaohsiung, Southern Taiwan, Feb. 4 (CNA)—While people in the Republic of China [ROC] are preparing to celebrate the Lunar New Year, a naval task force has quietly begun to brave strong winds and heavy waves in the Taiwan Straits on an intensive patrolling mission to ensure a happy and secure holiday for the whole nation.

The task force, composed of destroyers, M500D anti-submarine helicopters and the nation's newly purchased submarines, will patrol the Taiwan Strait round the clock during the Lunar New Year holidays, which started Saturday and will last nearly one week, a Navy spokesman told reporters.

According to the spokesman, the task force will also take advantage of the opportunity to conduct various operational drills, including firing and fire-fighting practices.

A highlight of the drills will be a mock anti-submarine warfare during which the destroyers will launch a submarine-hunting action under the assistance of the M500D helicopters.

The spokesmen said the naval force, as in the past years, has been put on special alert during the Lunar New Year holidays because the Chinese Communists on the other side of the Taiwan Strait still refuses to abandon its attempt to take Taiwan by force despite recent efforts by the ROC Government to ease tension across the straits.

Fishery Talks With U. S. End in Washington

U.S. Request Rejected

OW0502131189 Taipei Domestic Service in Mandarin
2300 GMT 3 Feb 89

[From the "National Hookup" program]

[Text] According to Li Chien-chun, chief ROC [Republic of China] representative for the current Sino-U.S. fishery consultative talks in Washington, the ROC has rejected the U.S. request for sending observers or inspectors on the high seas to keep a watch on ROC trawlers catch of fish.

News Conference Held

OW0402050489 Taipei CNA in English 0320 GMT
4 Feb 89

[Text] Washington, Feb. 3 (CNA)—The ROC [Republic of China]-U.S. fishery consultation ended Friday with a mutual understanding that has paved the way for the two countries to reach a bilateral agreement for administration of fishing and preservation of fishery resources in the north Pacific Ocean, according to Li Chien-chun, chief ROC delegate to the consultation.

Speaking at a press conference, Li said that the ROC has clearly indicated that such an agreement should be reached on the principle of mutual benefit and the spirit in accordance with the international maritime agreement.

He said that both sides in the consultation mutually understood that there is an urgent need for the two countries to sign an agreement in order to prevent incidental or illegal catches of salmon, sea birds, and other mammals in the north Pacific Ocean.

Such an agreement, however, should also incorporate the principle which takes care of both fishery preservation and freedom of fishing on the high seas, Li said.

Since the U.S. has the same disputes as incidental catches of salmon in the north Pacific Ocean with Japan and South Korea, the ROC proposed that it form a regional organization with Japan and South Korea to administer the operations of their fishing vessels in the north Pacific Ocean.

But the U.S. considered that the proposal cannot meet the urgent need, and insisted on a bilateral agreement between the ROC and the U.S. to cause an immediate effect on protection of the fishery resources in the north Pacific Ocean, Lee said.

To his knowledge, Li said, the U.S. has consulted on the similar issues with Japan and South Korea, but failed to reach any agreement.

According to the U.S. Driftnet Monitoring Assessment and Control Act passed by the U.S. Congress in 1987, the U.S. claimed that it has the right to inspect the fishing vessel which is suspected of illegally catching salmon even on the high seas.

The U.S. act requires agreements to be concluded with countries which take marine resources that are of environmental and commercial concern to the U.S. The act also calls for agreements to specify ways to monitor the catching of these marine resources and how to enforce the laws in the north Pacific Ocean.

The American Institute in Taiwan [AIT] said in an announcement that the ROC-U.S. consultation, while candid and frank, ended without any tangible progress.

The AIT said it will await a counterproposal from the ROC before deciding on new talks on the issue.

The AIT said that further negotiations may be scheduled for March before the start of the 1989 fishing season.

The U.S. Driftnet Act requires the U.S. Department of Commerce to report to the President by June 29, 1989, those countries which have not entered into a driftnet monitoring and enforcement agreement with the U.S. in that case, the U.S. can embargo fishery imports from that country.

According to the U.S. Commerce Department, the ROC's fishery exports to the U.S. totaled U.S. \$400 million in 1988.

Editorial Cautions on Trade With Eastern Europe
OW0502051389 Taipei CHINA POST
in English 29 Jan 89 p 2

[Editorial: "Trade With Eastern Europe: Look Before You Leap"]

[Text] The Soviet Union and other East European countries have recently been seeking to strengthen their trade relationships with the Republic of China [ROC]. Although in the past ROC businessmen could only engage in indirect trade with eastern bloc nations, the government is now issuing permits to businessmen who wish to trade directly with Poland, Czechoslovakia, East Germany, Hungary, Romania, Yugoslavia and Bulgaria. It is only trade with the Soviet Union and Albania on which the ban still remains.

There are several reasons why businessmen and business firms on Taiwan, including the Formosa Plastics Group and Chung-Shin Textiles, have begun to take an active interest in Eastern Europe. First, the seven countries with which direct trade is now possible have a combined population of some 135 million. Include the Soviet Union and the figure becomes around 400 million, which is more than that of the whole of Western Europe.

Secondly, the Eastern European countries which had for a long time been "closed" to the outside world are now showing signs of opening up. The Soviet Union's reform programs, under the leadership of Mikhail Gorbachev, have led to an openness not only within the Soviet Union itself, but also in many other Eastern European countries, in particular Poland and Hungary. A significant proportion of Yugoslavia's trade is conducted with the West already.

Thirdly, the Eastern European countries are able to supply resource poor countries like the ROC with the world's best in terms of heavy industrial technology and infrastructures in addition to the raw materials which the ROC has until now been procuring indirectly. For the ROC, which is in the process of implementing a policy of market diversification, Eastern Europe offers a ready market for exports from Taiwan of basic machinery equipment, power tools, processed food and textile products.

The fact that the Eastern European market is still relatively untapped provides strong grounds for adopting a more aggressive marketing strategy and is also a reason why various ROC organizations have been sending trade missions on fact-finding tours of Eastern Europe.

However, despite strong trading opportunities that exist, businessmen in Taiwan need to ask themselves whether the potential gains from increased trade justifies the costs involved. Two-way trade with Eastern Europe has

only recently begun to pick up after a lull in the early 1980's but it still accounts for only a minuscule portion of Taiwan's world trade. After falling to US \$42 million in 1985, two-way trade rose to US \$269 million in 1987 and only just passed the US \$400 million mark in 1988, despite the simplification in trading arrangements.

There are basically three major difficulties which face ROC businessmen who are interested in trading with Eastern European countries. First, there is the problem of the state trading monopoly which exists in all of these centrally-planned economies except Yugoslavia. These government-run bureaucracies control the development of foreign trade, determine the prices of exports and the quantities of imports (through the issuance of permits) and control the handling of foreign exchange. Although economic reforms are currently taking place in many of these countries, the authorities still have a de facto monopoly on foreign trade.

Secondly, many of the Eastern European countries have huge foreign debt problems and, therefore, countries like Poland and Hungary, regardless of how "open" they are becoming, are short of cash. To circumvent this problem, many Western businessmen have engaged in countertrade and joint ventures.

Countertrade, which is a kind of "guarantee" that the foreign businessmen will get something in return, has traditionally involved parallel purchases and sales of goods. However, it can take other forms, for instance when the Western exporter buys the products of the plant that he is supplying with either intermediate goods or machinery in which he has a controlling interest. However, countertrade does create complexities and is not widely encouraged.

Joint ventures appear to make sense as they are self-financing, export-oriented, make use of Western management, marketing and financial skills and facilitate the transfer of technology. However, in practice, a number of commercial risks arise which revolve around the repatriation of profits in hard currency and the timely supply of materials and equipment in these countries, making the financing of such deals extremely complicated.

Thirdly, there are the problems associated with the transfer of technology to socialist countries. The United States is strongly opposed, in the absence of significant cuts in Soviet Defense spending, to suggestions by Western European countries that export restraints on the sale of technology to the Eastern bloc be relaxed. ROC computer manufacturers please take note.

In short, while possibilities for increased trade do indeed exist there are still many obstacles that have to be overcome. In view of the considerable degree of uncertainty involved, Taiwan-based businessmen should exercise the greatest caution before investing money and resources into what may turn out to be a less than outright success.

Mainland ADB Meeting Attendance Not Ruled Out
*OW0302150189 Taipei International Service
in English 0200 GMT 3 Feb 89*

[Text] As the time is approaching to decide whether or not the ROC [Republic of China] should send a delegation to this year's meeting of the Asian Development Bank [ADB] in Peking, Foreign Ministry officials revealed on Wednesday that they haven't ruled out the possibility that the nation would send delegates, if the nation's interests are well protected.

The officials in answering reporters' questions said that these days nothing is impossible. This shows the Foreign Ministry's positive attitude towards the situation. The official stated that whether or not to attend the meeting in Peking is a very complex matter which should not just be judged by short-term pluses or minuses. The officials stressed, though, that whether or not the ROC attends the meeting will not affect the nation's membership in the ADB.

Trade Board Urges Preparation for EC Merger
*OW0602002089 Taipei CNA in English 1002 GMT
3 Feb 89*

[Text] Taipei, Feb. 3 (CNA)—The Board of Foreign Trade yesterday urged traders to make early preparations to face new challenges from the single European market in 1992.

Officials said that although the single market would bring some benefits to Taiwan businessmen, the barriers from this new trading bloc would be much greater.

To meet such challenges, the board has urged the business community to adopt the following measures:

- Set up production facilities in Europe.
- Establish strategic sales points and networks there.
- Open branches of Taiwan banks in Europe.

Government To Lower Tariffs on Over 1,000 Items
*OW0402193989 Taipei CNA in English 1540 GMT
4 Feb 89*

[Text] Taipei, Feb. 4 (CNA)—Tariffs on more than 1,000 items of imported goods will be further reduced in the near future, government officials said Saturday.

The rates of reduction on individual items will range from two to five percentage points, and among items to be affected, hundreds of household electrical appliances will be granted the reduction earlier than other items, they noted.

Import duties on color TV sets will be lowered from 17.5 percent to 15 percent; the rate on refrigerators, air conditioners, washing machines, and cosmetics will be reduced from 15 percent to 10 percent; and that for video cassette recorders from 30 percent to 25 percent.

Tariffs on heavy duty trucks and buses will be reduced to 48 percent from 50 percent and light trucks to 42.5 percent from 45 percent. The rates for compact passenger cars, however, will remain unchanged at 42.5 percent.

Trade Surplus Predicted To Shrink in 1989
*OW0402200189 Taipei CNA in English 1455 GMT
4 Feb 89*

[Text] Taipei, Feb. 4 (CNA)—The Republic of China's trade surplus for 1989 is likely to shrink to \$6.5 billion, Vice Economics Minister Li Mo said Saturday.

Li pointed out that the nation's imports will continue to grow this year as a result of substantial tariff reductions, while exports may decrease considerably because of increasing labor disputes, rising labor costs and environmental protection sentiments, as well as a slowdown in international economic growth.

The Republic of China registered a trade surplus of \$10.2 billion in 1988, down 40 percent from the previous year.

Li noted that the worsening trade picture resulted largely from non-economic factors, such as repeated street protests, which have not only caused social disorder but also changed the domestic investment climate.

In related news, another vice economics minister, Hsu Kuo-an, has been assigned to join a cabinet task force to work with officials of the cabinet-level Council for Labor Affairs, the Ministry of Justice, the Ministry of the Interior, and the Ministry of Communications to resolve labor-management disputes.

Economics Minister Chen Li-an also instructed his three deputies—Li Mo, Wang Chien-hsien and Hsu Kuo-an—to visit small and medium businesses after the Lunar New Year holidays in order to better understand their difficulties and to boost their morale.

Official Says Direct Mainland Trade 'Ruled Out'
*OW0402055189 Taipei CNA in English 1524 GMT
3 Feb 89*

[Text] Taipei, Feb. 3 (CNA)—The future possibility of direct trade between the two sides of the Taiwan Strait was ruled out Friday by Fredrick F. Chien, chairman of the Council for Economic Planning and Development.

Some local businessmen have already invested on the mainland without government permission, but Chien, citing the many failed investments by Japanese, European, and American enterprises, was pessimistic about the profitability of their operations.

Chien's view was also shared by a local economic observer who explained Friday that the Chinese Communists, until recently intolerant of trade deficits, have had nothing to say about its 10-year-U.S. dls [dollars] 5 billion trade deficit with the Republic of China on Taiwan. Their unusual silence, the observer said, must be a part of a political conspiracy.

The observer reminded local entrepreneurs of the Chinese Communists' mercurial foreign trade policy. For many years, the Peiping regime repeatedly charged Japan with "economic aggression" because of Japan's trade surpluses with the mainland, the observer noted.

He also called attention to Chinese Communist moves to reduce its trade deficits. After they registered trade deficits of U.S. dls 15 billion in 1985 and U.S. dls 12 billion in 1986, they launched a two-pronged trade campaign in 1987—trying to promote exports and, at the same time, to restrict imports. Its trade deficit dropped to U.S. dls 3.85 billion in 1987, but the figure then grew to U.S. dls 7.7 billion the next year.

Turning to indirect trade between Taiwan and the mainland, the observer said that the amount reached as much as U.S. dls 2.5 billion in 1988 alone. He warned local enterprises of the risks they may face in exploiting mainland markets.

President Li Promulgates 'Important' Bills

OW0402012989 Taipei CNA in English 1600 GMT
3 Feb 89

[Text] Taipei, Feb. 3 (CNA)—President Li Teng-hui Friday issued presidential decrees promulgating two important political bills approved by the Legislative Yuan late last month. The two bills will automatically become law after three days.

One of the bills calls for the voluntary retirement of senior parliamentarians, most of them elected four decades ago on the Chinese mainland, in order to rejuvenate the Republic of China's three parliamentary bodies—the Legislative Yuan; the National Assembly, the electoral college; and the Control Yuan, the supreme watchdog body.

The second is an amendment to the Election and Recall Law. The amendment significantly revises the current law by cancelling many of the restrictions on election campaigns and changing the election system to make elections more fair and just.

The two bills, together with another bill authorizing the legalization of civic bodies, are deemed by local observers as crucial to the nation's democratic development. The Civic Organization Law was already promulgated by President Li on Jan. 27.

The ruling Kuomintang [KMT], which initiated the three political bills in line with its recently adopted reform policy, asserted that the bills' enactment into law will facilitate the government's continued implementation of political reforms.

For this reason, the KMT, which holds an absolute majority in the legislative yuan, resolutely rammed the controversial bills through the legislature after efforts to compromise with the opposition Democratic Progressive Party failed.

The bill on the voluntary retirement of senior parliamentarians was the most controversial because the KMT insisted that the bill only encourage the senior members of the three parliamentary bodies to retire voluntarily while the opposition strongly demanded that a deadline be set for the members to leave their long-held seats.

The bill was also criticized by the opposition for authorizing the government to grant pensions of NT dls [new Taiwan dollars] 3.7 million to each of the senior parliamentarians who agree to retire voluntarily. The KMT argued that the pension is justifiable in light of the senior parliamentarians' great and indispensable contribution to the nation during the past 40 years.

The KMT has repeatedly affirmed its determination and sincerity in reforming the parliament, but it stressed that restructuring the parliamentary bodies must be carried out gradually without violating the spirit of the constitution and risking social stability.

To achieve the goal of rejuvenating parliament and strengthening its functioning, the government proposed the bill in the hopes that senior parliamentarians would retire gradually at the same time that it worked to inject new blood into the parliament. A plan calling for a larger numbers of seats to be filled in Taiwan area elections is under study in the National Security Council and is expected to be promulgated by the president in the not too distant future.

The amendment to the Election and Recall Law, observers said, will allow various political parties, to compete more fairly in elections, thus paving the way for the realization of a more mature political party system.

The Civic Organization Law authorizes the legalization of civic bodies, including political parties, and is expected to stimulate pluralization and allow opposition parties to compete with the ruling party legally and fairly.

President Li Affirms Military Contribution

OW0402014089 Taipei CNA in English 1546 GMT
3 Feb 89

[Text] Kinmen, Feb. 3 (CNA)—President Li Teng-hui Friday testified to the contribution of the Armed Forces in maintaining the stability of the Republic of China [ROC] which, he said, has strengthened the government's confidence in implementing political reforms.

President Li flew into Kinmen, a frontline island off the southeast coast of the China mainland, Friday morning to cheer the residents and servicemen on the island in advance of the Chinese Lunar New Year, which falls on Feb. 6 this year.

During the day-long visit, he met with local military chiefs and government leaders and inspected several construction projects. He also braved high waves to sail to Liehyu, an islet off Kinmen, where he used a telescope to watch a Chinese Communist-controlled island only a stone's throw away.

The affable Li, the first native Taiwanese to become president of the ROC, was warmly greeted by both residents and men and women in uniform wherever he toured.

Li, who succeeded to the presidency on Jan. 13, 1988, hours after the late President Chiang Ching-kuo passed away, reaffirmed the contribution of the military to maintaining social stability in an address to ranking officers and government officials at the Kinmen Garrison Command.

Since the sudden passing of the late President Chiang, Li said, he has been vested with the heavy responsibility of leading the nation through an extraordinary period.

Thanks to the stabilizing role of the Armed Forces, the president said, the government has been able to implement a series of political reforms and is confident of its ability to push the reform further in the future.

President Li also referred to the nation's growing environmental protection sentiments and increasing labor-management disputes. He stressed that in seeking to resolve the problems, top priority must be given to maintaining social stability.

Li was accompanied on his visit by Gen. Hau Pei-tsun, chief of the General Staff; Fredrick Chien, chairman of the Council for Economic Planning and Development; and Yu Yu-hsien, chairman of the Council of Agriculture. He flew back to Taipei in the evening.

Commentary on Premier Yu's News Conference

OW0302234789 Taipei International Service
in English 0200 GMT 3 Feb 89

[Station commentary: "Premier Yu's Telling News Conference"]

[Text] On Wednesday [1 February] the Republic of China's [ROC's] premier, Mr Yu Kuo-hwa, gave a rare news conference to discuss events of the past year and things to come. He used the occasion to announce that he intends to step down at the end of his term, which comes next March, 1990, when the president's term also expires. Yu has served the ROC Government for almost 30 years.

Perhaps Premier Yu's most interesting revelation at the open news conference concerned Taipei's disappointment with the Chinese Communist regime on mainland China. Ironically, the disappointment this time was not stated in terms of Taipei's longstanding disgust for communist misrule on the mainland. Instead, and rather surprisingly, Premier Yu told the mix of foreign and Chinese reporters present that Taipei was disappointed with the lack of any clear-cut response from Peking regarding Taipei's new liberal policies towards the mainland.

Yu said that because Peking has failed to respond in any concrete way to Taipei's peaceful gestures, Taipei must thus reassess its policies towards the mainland.

"Over the past year, our mainland policy has moved ahead steadily, but we have not seen any reaction from the Chinese Communists," he said.

Moreover, Yu expressed disappointment that instead of reacting positively to Taipei's overtures of late, Peking is still trying to isolate Taipei in the international community. Peking has constantly tried to isolate the Republic of China in diplomatic circles, and even go so far as to threaten countries which promote unofficial ties with Taiwan. Under these conditions, Yu asserted, it is difficult for Taipei to move any further on liberalized policies toward mainland China.

Yu took a cautionary stance on the issue of trade and investment with the mainland. He said direct channels would still be forbidden, and that the government would not encourage Taiwan businessmen to invest on the mainland. "Such investment would risk bringing Taiwan under the economic control of Peking, which is something we cannot tolerate," he warned. "Their main goal is to draw our business and industry into a close connection with their economy." The worry is that Peking would then have the means to pull the plug.

In the past year and a half, Taipei has opened up considerably to the Chinese mainland, ending 40 years of hostility. Since November 1987 those Chinese on Taiwan who have relatives on the mainland have been permitted to visit them. And, late last year Taipei opened up two-way traffic across the Taiwan Strait by permitting mainlanders with dying or seriously ill relatives on Taiwan to visit them.

Indirect trade between Taiwan and the mainland has reportedly risen to nearly 2 billion U.S. dollars in 1988 and is still expanding.

But Premier Yu's warnings about Peking's nonreaction to Taipei's outgoing policies, and Peking's continued belligerence towards Taipei's position in the international community, point to the fragility of the situation in the Taiwan Strait. For years people complained that Taipei was the belligerent party in Chinese affairs. Now it seems quite clear that Peking must carry that burden and guilt. Taipei has gone the extra mile, but where is Peking?

Hong Kong

Daya Bay Fault Line Issue Causes Local Concern

Legislators Hear Fears

HK0402034389 Hong Kong SOUTH CHINA
MORNING POST in English 4 Feb 89 p 2

[By Fiona MacMahon]

[Text] A major anti-nuclear lobby is taking to the Omelco [Office of the Members of the Executive and Legislative Councils] Public Utilities Panel its fears over an active fault line less than eight kilometres from the Daya Bay nuclear plant.

This was disclosed yesterday by Legislative Councillor Mr Jimmy McGregor, who said he was sure the Hong Kong authorities would press the Chinese to release more information on the issue.

The Joint Conference for the Shelving of the Daya Bay Nuclear Plant petitioned Omelco about the fault, which is seven kilometres from the reactor site, arguing it made Daya Bay an unsuitable area for a nuclear power plant.

International construction rules require watercooled reactors, such as Daya Bay, to be built at least eight kilometres from a fault.

The controversy arose because the Hong Kong Nuclear Investment Company, which owns 25 per cent of the Guangdong Nuclear Power Joint Venture Company [GNPJVC], insisted on January 25 that the nearest known fault to Daya Bay was 20 kilometres away. But the fault line's existence was verified by the Chinese in 1986.

Mr McGregor said he would pass on the views of the concern group to the Public Utilities panel and they would ask the power company to explain the situation.

"I would like to know whether China was aware, what the implication of this fault line is, what the possible impact might be on the power station and that can only be done by communication with the power company," Mr McGregor said.

"It is necessary for Hong Kong people to understand the true implication of this fault line that has apparently been known all along to the Chinese authorities.

"We would like to know what significance the Chinese authorities have placed on that fault line in making the decision to put Daya Bay where it is."

Mr McGregor admitted playing down the concerns expressed by the group because he stressed it was important not to have alarmist views. "I am anxious to get to the facts," he said.

In the petition to Omelco, Hong Kong Polytechnic lecturer in engineering geology Mr Maurice Atherton explained the significance of the fault line to the group members, including convenor the Reverend Fung Chi-wood.

Mr Atherton said the line had been classified by Chinese seismologists as very weak but he would not speculate what exact danger it posed to the plant as he had not carried out the investigations.

He stressed that in principle he was not actively against nuclear power stations but simply wanted the discrepancy cleared up.

"If the Guangdong authorities have made an extensive survey and presumably consider it not a danger why does the GNPJVC not know about it?" Mr Atherton asked.

It was the "clear contradiction" that worried him, he said.

He also asked why the seismic information in the nuclear power plant's feasibility report had not been made public.

"A seismic risk survey must have been done, but why hasn't it been published so everyone knows," Mr Atherton said.

He first brought the active fault line to the attention of the public two weeks ago after receiving the information from Chinese geologists.

The concern group also asked the Omelco to find out if the GNPJVC had overrun its original cost estimate of \$28.8 billion to build the plant.

Experts Dismiss Danger

HK0502051489 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English 5 Feb 89 p 1

[By David Connett and Kent Chen]

[text] Geological experts yesterday dismissed scare stories about an alleged new-found seismic fault close to the controversial Daya Bay nuclear power station in China.

They said the fault was neither new nor seismic.

Recent reports that a previously unknown seismic fault-line had been discovered close to the \$28.8 billion atomic power plant 80 kilometres from Hong Kong sparked off renewed demands from anti-nuclear campaigners to shelve the project.

At a press conference yesterday, Mr Lee Cho-min, spokesman for the Hong Kong Geological Society, said the fault—known as the Shuitau-Xichong fault—was not seismic, but a commonly occurring fault in the Earth's crust.

The future of the power plant would have been in serious doubt had earlier reports about the fault proved correct.

Guidelines laid down by the International Atomic Energy Authority state that nuclear power plants should be built at least 20 km from a recently active fault and sites within eight kilometres should not even be considered. The Shuitau-Xichong fault was within seven kilometres of Daya Bay.

Under those guidelines a recently active fault is defined as one which had shown a single activity within the past 35,000 years or multiple activities over the past 500,000 years.

Mr Lee said there was no evidence to show the Shuitau-Xichong fault had been active for at least 22.5 million years.

Mr Lee, a lecturer at the Department of Civil and Structural Engineering of the Hong Kong Polytechnic, also dismissed suggestions that the existence of the fault had been covered up.

"It was, in fact, identified and confirmed decades ago."

He said extensive surveys by geologists working in Guangdong Province in the 1960s had revealed the fault, which had also been mentioned in a number of published geological journals and maps.

"During past field visits to the Daya Bay site, staff of the Guangdong Nuclear Power Joint Venture company had also introduced the geological conditions of the site to visitors, including the so called seismic fault," said Mr Lee.

He said faulting was a common phenomenon. Any cracks appearing on the Earth's surface crust, large or small, were known as faults.

Mr Maurice Atherton, the Hong Kong Polytechnic geology engineering lecturer who discovered the faultline on a Chinese map, agreed with Mr Lee that it was not seismic.

But Mr Atherton insisted the Daya Bay Nuclear Plant might suffer structural damage if there were earthquakes nearby. A minor earthquake near the Shuitau-Xichong fault in 1981 indicated there were earth surface activities in the area.

"To say there is no risk at all on Daya Bay Nuclear Plant is risky," he said.

Leading anti-nuclear campaigner, the Reverend Fung Chi-wood, spokesman for the Joint Conference for the Shelving of the Daya Bay Nuclear Plant, also urged caution.

However, the Reverend Fung said information that it was non-active was yet to be confirmed by Chinese officials and the State Seismology Bureau should clarify the point.

"Even if the Shuitau-Xichong fault is not a seismic fault, we will still demand the Chinese Government release reports of all studies conducted on the geological structure near the Daya Bay Nuclear Plant."

Sir Jack Cater, managing director of the Hong Kong Nuclear Investment Company, which has a stake in the joint venture company developing the Daya Bay site, cautiously welcomed the news.

Macao

Government To Legitimize Chinese Language
HK0502050289 Hong Kong SOUTH CHINA
SUNDAY MORNING POST in English 5 Feb 89 p 2

[Text] The Macao Government Consultative Council has approved the proposal submitted by the government for giving Chinese the same status as Portuguese in the enclave.

The approval of a proposal legitimising Chinese in Macao is considered a major step forward.

The government's proposal will later be published in the GOVERNMENT GAZETTE, then becoming effective within 120 days (four months).

Macao Governor Carlos Melancia presented a proposal to the Consultative Council's meeting last Friday to issue an Administrative Order to have all laws, decrees, orders and dispatches issued by the government and its offices issued in both Portuguese and Chinese.

All drafts of laws, decrees and orders submitted to the Legislative Assembly or Consultative Council for debates must also be presented in both the Portuguese and Chinese languages.

If there is any difference between the Chinese and Portuguese versions in the bilingual documents, the Portuguese version will be conclusive. In cases of emergency, the Governor will use only one language, either Portuguese or Chinese, to issue an order.

Official forms will all be printed in both Portuguese and Chinese.

After the Consultative Council approved the Governor's proposal last Friday, the Administrative Order was expected to be announced in the GOVERNMENT GAZETTE in two weeks' time.

The order is considered to be a big step forward towards legitimising Chinese in the territory by Macao press and social leaders since it will give Chinese the same status as Portuguese in most government operations.

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